

The Best Partner for Life and Society

—with Energy, with the Car, with the Home—

For over half a century, the ITOCHU ENEX Group has continuously supplied energy products, centering around petroleum and LP gas, to our customers across Japan.

No matter how society and people’s lives may change, we aim to continue to be the company of choice for our customers in the community as a constant, indispensable partner.

Origin of the company name

In July 2001, on the occasion of the 40th anniversary of its founding, the company name was changed from Itochu Fuel Corporation to ITOCHU ENEX CO., LTD.

The “E” in ENEX stands for energy, end consumers, and ecology, while “NEX” stands for “NEXT,” as in the next generation, or the future.

The meaning behind the logo

The corporate mark, newly established in October 2005, overlaps the letter “e” to connect the blue earth and bright red sun. The theme is reverence for nature and the commitment to cherishing limited resources. While the “e” logo represents “energy” and “ecology,” it also embodies our commitment to valuing customers (end-consumers), and symbolizes communication that connects people to each other and to society.



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Editorial Policy	
ENEX REPORT 2024 is an integrated report covering financial and non-financial information, including sustainability activities, prepared with reference to various guidelines. Its purpose is to communicate the Group's business activities and strategies implemented in pursuit of sustained growth.	
Note on Forward-Looking Statements	
Forward-looking statements in this report, including outlooks for future Group business performance, are made by our management team based on the information available at the time of publication. Actual results may differ considerably from projections for various reasons, including fluctuating exchange rates, market trends, and economic conditions.	
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A new ENEX will be born through businesses that support people's lives and new added value, with "rooted in the community" as the keyword

Representative Director, President and Chief Executive Officer

Tomofumi Yoshida

Empowerment

In FY2023, net income was a record-high ¥13.9 billion and the dividend was increased by ¥4 to ¥54. Although it was not a stable year by any means, as there were gains on sales of fixed assets due to asset replacements, it was the result of having a diversified business portfolio.

On the qualitative side, for our company, whose strength lies in our on-site capabilities, the key to the first year of working towards "ENEX2030" was how we could transform ourselves together with our employees, who are our most important capital. In FY2023, I released 17 Three Minute Speeches in which I sought to share my thoughts with employees and help them gain new insights into their daily work, and held 20 sessions for direct dialogue with employees, with a total of 531 staff participating.

As I mentioned in last year's Integrated Report, the most important aspect of the current business plan for strengthening human resources and the organization is

empowerment, or in other words, increasing the experience of each individual by delegating authority and enhancing decision-making capabilities on site.

We currently have four business areas, which are structured according to types of commercial product. As we handle hazardous materials, a vertical division may be more rational in many ways, such as in terms of the passing on of know-how, but in order to stay close to the community and expand our business based on customer needs, we cannot make new proposals based only on the products and knowledge of the business to which we belong.

Information is shared across businesses, which support each other and work together to come up with solutions and demonstrate comprehensive strength. By giving equal recognition not only to those who generate revenue, but also to those who provide support, our aim is to expand opportunities to play an active role and to change the culture to one in which everyone benefits from working together and helping each other in a collective effort, or in

other words, to improve our comprehensive strength.

This system not only motivates employees in terms of thinking outside the box and appreciating challenges, but also has the effect of training their decision-making skills as they face various difficulties in their position of promoting new projects. To take risks and make decisions requires the continuing tightening of our defense and honing of offensive skills, and by modestly and sincerely taking in the opinions of those around us, we can accumulate many insights and hone our competitive instincts.

This empowerment is the backbone of the strategy I have practiced until now, and I consider it an important concept for strengthening our on-site capabilities.

Decision-making ability and risk takers

Making decisions is important for an organization to move forward, and if decisions are not made then logjams will occur. We should not avoid making decisions out of fear, but make a decision and then proceed, and it is ok to go back if it was wrong. This sounds obvious but is not easy to do.

The important thing is to make a decision and proceed. Please improve your decision-making ability. Conversely, there will also be failures after a decision is made. Some people attribute this to bad luck or fate.

However, luck is not biased, and I am sure that it comes fairly to everyone over the long term.

The theme of “risk takers and luck” is often analyzed

as the background for corporate management and global conflict. I believe that corporate leaders and leaders in conflicts would be called risk takers. These are people who, assuming that everyone has the same probability of luck, will desperately try to read the flow of the game to see when the luck will come. Moreover, in most cases, we act on the assumption that we will not have any luck.

What sort of person is a risk taker? I believe that it is someone who is confident, clear headed, physically strong, and courageous, but a person lacks the disposition if they are self-righteous and refuse to change from what they decide. A true risk taker is modest, humble, not arrogant, grateful, careful, thorough in their studies, and converses often with those around them. In other words, I believe that the qualifications to be a risk taker are to notice things through sincere conversations with the people around you, and on top of that be able to sense the flow of the world, and to be a person who can produce results that attract luck.

Every contest is decided by the balance between offense and defense. Whether it is martial arts, sports, or chess, if you are too aggressive you will lose. In defense, there are usually standard moves which are efficient, but in offense, there are no standard moves and you have to attack while defending, which often fails.

It is the same in business. First the defense should be strengthened, but there will be no growth through that alone. I want employees to boldly try new things, but some are afraid to proceed for fear of failure. When it is the final battle or a stalemated negotiation that you want to resolve, or it is a case of having to make a choice from multiple options, then a decision must be made. This ability to make decisions is very important.

In April 2023, the Investment Strategy Department was established as the organization responsible for large-scale investment projects, which will analyze, formulate, execute, and review projects as a group of investment professionals. Until now, on-site staff took time to review an investment project and reported to me once the details had been sufficiently decided, which took a long time, but in order to bring more cases into the investment consideration phase and speed up the process to approval and execution, we have changed the system so that information is consolidated in the Investment Strategy Department and I

myself review all cases.

The members of the department have continued to learn through trial and error, and a variety of information has been gathered over the course of the year. Investments require studying and ascertaining the vital points, and if we invest in something that is not connected to our business, it will not help ENEX grow stronger even if it makes a profit. It is also important to have a viewpoint of whether an investment can be nurtured efficiently. My focus is on whether the investment can be weaponized for ENEX's business. We do not need overvalued “golden axes” in our arsenal. We are investing in “silver axes” to strengthen and expand into the areas surrounding our existing businesses.

We made several strategic investments in the 2023 fiscal year from the perspective of what can be used as a weapon by our existing businesses. Informetis Co., Ltd., in which we invested in June 2023, is expected to provide services such as “visualization of electricity” by analyzing and predicting the electricity usage of each model of home appliances and electrical equipment through the use of its proprietary AI technology, thereby contributing to added value in the Power & Utility Division.

Nichireki Co, Ltd., which we entered into a capital and business alliance agreement with in October 2023, is engaged in the business of providing a wide range of products, construction work, and technology related to road paving, and is developing asphalt products with reduced environmental impact and long-life asphalt products that can handle EVs, which are heavier than conventional vehicles, and conducts business that will contribute by providing products for the Industrial Business Division.

In the area of the Car-Life Division, we invested in Nalnet Communications Inc., which is engaged in the business of consigned managing of the maintenance of leased vehicles. The company has a nationwide network of approximately 11,500 auto repair shops and efficiently manages data related to the maintenance of vehicles



20 sessions for direct dialogue with employees were held in FY2023. Explanation of the New Medium-Term Business Plan ENEX2030 was given to approximately 500 employees.

under its management, and provides appropriate vehicle management and maintenance, residual value guarantees, planning and proposal of leasing products for individuals according to their needs, the sale of appropriately priced maintenance packages, and the purchase of vehicles. By forming a strategic partnership with the company, we will work to expand our business related to the evolving mobility aftermarket.

Animal Spirit

In today's extremely uncertain economic environment with heightened geopolitical risks, it is very important to be able to somehow generate the innovation that will drive economic growth. Innovation is challenging to begin with, and nothing about it is easy, but one thing that can be said is that all innovation has been generated by humans in the past.

If the direction of a company's activities is determined simply by mathematics or cold analysis, then the company may well go into decline. To use an analogy, its meaning may be similar to Antarctic exploration and space exploration, about which people question, “What are we doing it for?” I believe that animal spirit is different from



My Three Minute Speeches are available on the intranet. In them I share my thoughts with the Group about decisiveness, risk takers and animal spirit, as I have mentioned in these pages.

mathematical probability theory, and is a figurative term for “the entrepreneurial spirit of daring to try.”

The times change, and people change with them. There are always ups and downs. Nevertheless, I believe it is necessary for managers and entrepreneurs to generate innovation and take on bold challenges, which I believe is the animal spirit.

In last year’s Integrated Report, I wrote that creativity and the ability to take action are paramount, and that we will create mechanisms for new business by adding new functions to our businesses, without being constrained by fixed notions. Both of these are also the key that leads to the animal spirit and innovation. Being empowered and becoming engrossed in work based on your own decision will lead to creativity and the ability to take action, which is how I believe that innovation arises from the animal spirit.

In July 2023, the former Big Motor Co., Ltd. began to rattle and crumble as fraud issues started to come to light. I imagined that someone would have to sponsor and rebuild the company, as it was facing a management situation of distress. It was at this time that I decided to go for it first with the animal spirit. It was an inspiration.

Thereafter, until we made the final investment decision in April 2024, we worked with ITOCHU Corporation and J-Will Partners (JWP) to thoroughly analyze, study, discuss, and receive wisdom from those around us, and we overcame many hurdles, which finally led to the conclusion to go ahead. If I did not decide to go for it at that time, it would not have led to that conclusion. I feel that deciding to go for it at that time is the animal spirit.

It would not have been possible to revitalize Big Motor as WECARS without the help of ITOCHU Corporation. Revitalization inevitably requires not only money, but also human resources and a time frame. As for human resources, I have colleagues at ITOCHU headquarters who I have done hands-on work with on various projects in the past, which

went through hardship and joy and led to success. ENEX has excellent human resources who are well versed in the field. We are engaged in buying, selling, insuring, and making loans for used cars. We are also involved in car rentals and repairs.

The former Big Motor company motivated people to work through excessive incentives. All over the world there is a saying, “it’s all about making money.” However, there must be an awareness of compliance and an internal control system in place. In the absence of this, the incentives came to the fore, and trust was broken as a result.

It will take several years to build this compliance awareness and internal control system from the ground up and to transform employee awareness. We must also create integrated HR and accounting systems, and further evolve



our sales structure with DX. Once these things are in place in a couple of years, we will begin our attack.

“The horse chestnut shell that flows from the mountain to the mouth of the river can only float if it sacrifices itself.” This poem describes how a nut falls from a horse chestnut tree and floats down a mountain river, bobbing up and down, which flows into a world that would be unreachable if the nut had stayed in the tree. In other words, nothing ventured, nothing gained. We will revolutionize the used car industry. I hope you will look forward to it.

Mission as a company closely connected to the lives and livelihoods of the community

I would like to express my heartfelt sympathy to those who were affected by the Noto Peninsula earthquake on January 1, 2024, and to those who are living their lives anxiously as they continue to live in evacuation shelters. The Noto region is an area that supplies energy to the Company, and after receiving the first reports of the earthquake we immediately confirmed the safety of our local employees and dealers, and established a cooperative system with transportation companies from the following day.

Roads in the area were cut off, making it difficult for rescue vehicles to move, but the day after the earthquake we held discussions with the Agency for Natural Resources and Energy, Suzu City Hall, and other relevant parties. On January 3, a total of 22 employees went to the region to start supplying daily necessities, and at the same time, electricity was restored to the oil depot of our distributor, which recovered to serve as a disaster response base. From the following day, it began refueling activities, and in about two weeks a total of 70,000 liters of gasoline, kerosene, and diesel oil was supplied to emergency vehicles and 100,000 liters to victims of the disaster. The disaster response network that we had been steadily building served the local people. This event also made me realize that there are still many things that need to be done to support the community, such as installing

reliable power generators at our CS* in preparation for cases like this where there are problems with the electricity supply, and further strengthening the network not only for gas and electricity, but also for logistics. It will take a long time for the region to recover, and we will continue to support and be there for them.

Japan's population is steadily declining. We need to shift to a direction where we can wisely utilize what we already have. Taking the problem of vacant houses as an example, many houses need to be renovated but there are not enough carpenters on site to do it. As for cars too, it is difficult for maintenance shops to make a profit, so there is a shortage of mechanics. The recent price hikes in courier fees due to the 2024 problem and other factors in the logistics industry, as well as the aging of society, are exacerbating the shortage of human resources. I believe that the main reasons for this are that the multi-layered contracting relationship has resulted in a structure where businesses at the bottom of the chain are not viable due to thin profit margins, which has made it difficult to attract workers, resulting in an increasing shortage of human resources as the working population continues to decline at an accelerating pace.

I understand that it is difficult to solve the problems of the declining birthrate and low wages in the short term, but if there is no reform, nobody in Japan will be able to live as they have in the past. How many people can imagine a life in which items are delivered only once every three days? Supporting people's lives has been the DNA and mission of the Company since our founding. We will promote our Medium-Term Business Plan ENEX 2030 with the promise to everyone that we will change the structure of our existing businesses that support people's lives, differentiate ourselves through the creation of new systems and added value, become a company where employees who support such transformation will want to continue working, and grow with our “comprehensive strength”.

* An abbreviation of Car-Life Station, these are multi-service refueling stations produced by the Company.

Response to the Noto Peninsula Earthquake

Since its establishment, the Group has supplied energy, which is indispensable to daily life, throughout Japan with the mission of "continuing to deliver energy to society." With this mission in mind, we are contributing to the recovery following the Noto Peninsula Earthquake.



Continual energy supply in any situation

In addition to building bases that can contribute to local governments and communities in order to strengthen local disaster prevention, the Group is building a network to support disaster-hit areas and provide a stable supply of energy even during a disaster, by using our 12 sales locations located nationwide as the foundation to connect the disaster-hit area with the rest of Japan.

In addition to developing human resources capable of quickly responding to a disaster, from disaster preparedness to post-disaster recovery, we have also formulated a Business Continuity Plan (BCP) in anticipation of a large-scale disaster. We have decentralized our supply network through cooperation between the Group companies nationwide, and we are continually making steady efforts on the ground, such as educating retailers on equipment safety in the event of a disaster and supporting disaster

prevention training. The 2024 Noto Peninsula Earthquake demonstrated the true value of this preparation.

The urgent issue of protecting lifeline infrastructure

At around 4:10 p.m. on January 1, 2024, an earthquake of maximum intensity 7 (magnitude 7.6) struck the Noto Peninsula in Ishikawa Prefecture. Many houses collapsed and large fires broke out, causing extensive damage. As the aftershocks continued, the urgent task was to provide support to secure food, daily necessities, and other lifeline infrastructure for those affected by the disaster. Energy, in particular, needed to be supplied as soon as possible.

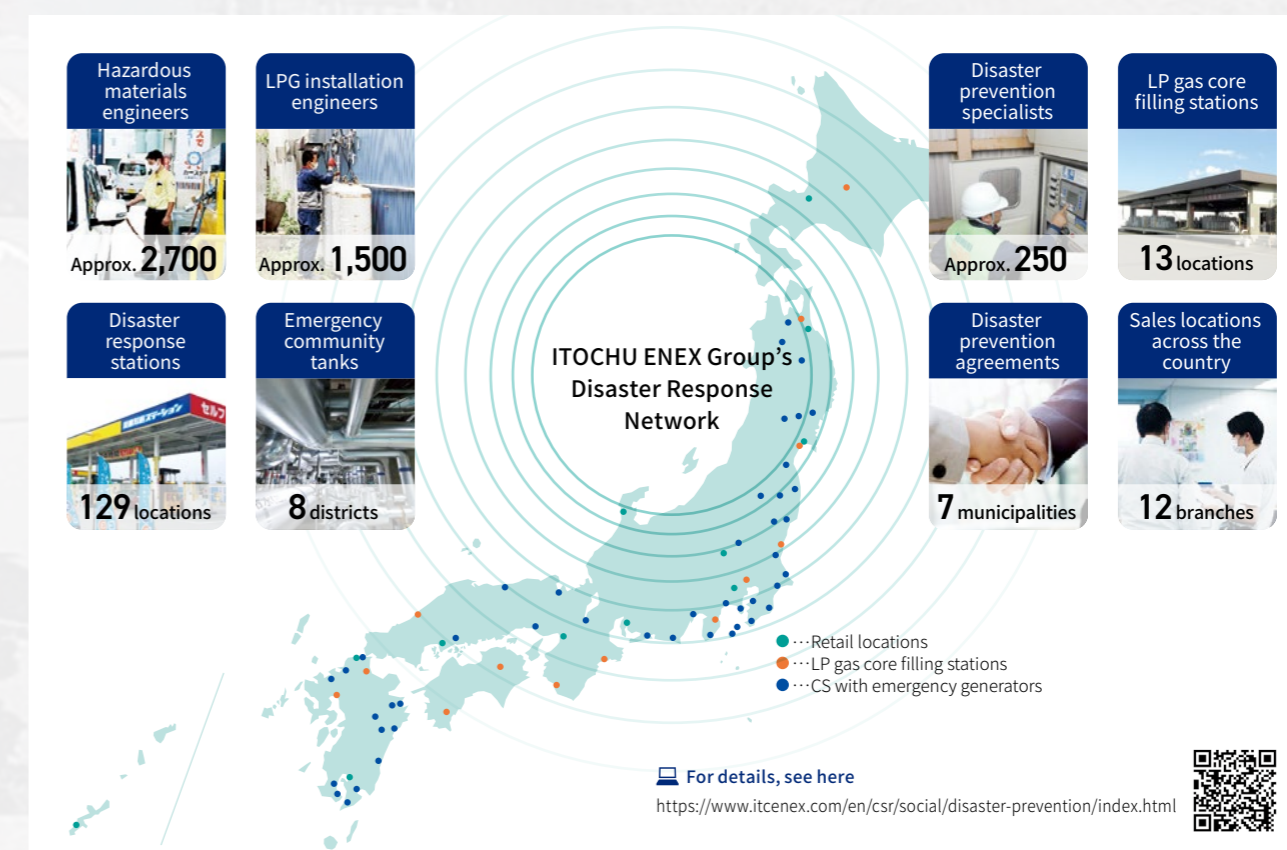
The ITOCHU ENEX Group's collective effort

Only one hour after the earthquake, we completed confirming the safety of our employees in the Hokuriku area and their families through our communication network. After that, we confirmed the safety of retailers and their employees. Amid disruptions to communication networks, nine out of the ten companies in the Noto area completed

the confirmation of employee safety on January 1, and the remaining company completed it the following day. On January 2, a Disaster Response Headquarters was set up at the head office (Tokyo) to work closely with employees in the area to gather information such as whether retailers could operate and the needs in the area. On January 3, the General Manager of the Car-Life Division's East Japan Sales Department together with another employee from the head office arrived in the area to formulate measures for energy supply and material support, taking into account the local situation, and to make concerted efforts to restore the fuel supply system, procure and deliver supplies, and provide manpower support.

Restoration of the energy supply system using our network

Amid wide-scale power outages, on January 3, refueling stations that were deemed capable of operating on in-house power generation started providing fuel to the victims of the disaster. However, inventory was limited. Establishing a stable fuel supply system for emergency



vehicles and the people who were forced to live as evacuees in the severe cold was an urgent matter. In order to support the community's lifeline infrastructure, retailers who were themselves victims of the disaster implemented a variety of initiatives to supply energy. Also, in cooperation with the Agency for Natural Resources and Energy, Suzu City Hall, and Hokuriku Electric Power Company, we began providing fuel to emergency vehicles (Self-Defense Forces, fire departments, police, and utility companies) and disaster victims at retailers' refueling stations, while on January 4, lorry deliveries resumed with the cooperation of various companies in the Kanto, Chubu, and Kansai regions. On January 5, five refueling stations were able to restart operations, and the energy supply system was established on the Noto Peninsula.

Manpower and material support

Another important issue was the problem of "people." The employees of refueling stations were also affected by the disaster, and were providing fuel while being forced to live in evacuation centers after their houses were completely destroyed, so securing personnel and providing care to employees was required. In particular, since it was necessary to establish a system to continually supply to



Water, clothing, hygiene products and other relief material delivered to the affected area

the Self-Defense Forces and other emergency vehicles, as well as the victims of the disaster, we asked our suppliers to cooperate by providing personnel support, and in addition to having them participate in fueling work rotations, we worked with retailers to design detailed personnel rotations and manage work hours.

Regarding the supply of material, on January 3, based on lessons learned from past earthquakes, we began securing and delivering the material that was especially needed, such as water and clothing. Because there was

a lack of material in Ishikawa Prefecture and they could not be purchased in large quantities, we cooperated with delivery, such as by nearby sales branches and Group companies Enexfleet Co., Ltd. and Nissan Osaka Sales Co., Ltd. securing supplies at their respective locations. Although delivery was extremely difficult due to overland routes being cut off, employees who arrived at the site one after another secured approximately 35 types of items, including water, food, clothing, toilets, body warmers, and hygiene products, and delivered them to the affected areas. In contrast to energy, it took time to arrange for companies to perform the delivery of supplies. Learning from this lesson, we intend to build a network that considers the transport of material during normal times.

Continuing to be a trusted company

Through the support we provided on this occasion, we were able to demonstrate the on-site capabilities and

comprehensive strength of the Group in the form of quick decision-making and Group collaboration that was led from on site. The disaster relief efforts would not have been possible without the cooperation of the five transportation companies that provided the lorries and the petroleum primary distributors that collaborated with us in arranging the lorries, and we recognized once again the importance of the relationships with our business partners.

Although the recovery has been progressing gradually since the earthquake, many people are still forced to live in evacuation centers. We will continue to provide support to those affected by the disaster so that they can return to their normal lives as soon as possible, and will use this experience to further strengthen our disaster response, aiming to become a company that people trust even more.



Traveling by road to affected areas was difficult due to landslides and fallen trees



A retailer's CS office after the earthquake



A retailer and supplier refueling emergency vehicles



Relief material packed in a supplier's transport vehicle