SECTION
01

Value Creation at the ITOCHU ENEX Group

ITOCHU ENEX was established in 1961, at the beginning of Japan's period of rapid economic growth, during a time when people were striving for a more affluent life and seeking new ideas to achieve it. Since then, we have consistently placed ourselves downstream, and have diversified our product lineup and expanded our service areas by responding to the changing demands of the times.
Throughout this period, our underlying principles have continued to flow from the company motto that was announced at the time of our establishment.
This has been carried over into our management philosophy, established in 2001, of being "The Best Partner for Life and Society," and is reflected in our approach to value creation, which is centered on our customer base.
No matter how the times or environment may change, we will continue fulfilling our mission of supporting society and everyday life, by standing sincerely alongside local communities, industries, and our business partners.

Continuing to Support Life and Society from Downstream

Company motto at the time of founding (published in 1962)

Company Motto

1. Strive for reliability and sincerity in our daily work
2. Streamline management through creativity and ingenuity, and continue to make unlimited progress
3. Cooperate based on the principles of transparency and integrity, and promote the happiness and prosperity of all people related to the company

2001-Present

Corporate Philosophy

The Best Partner for Life and Society
— with Energy, with the Car, with the Home —

Code of Conduct

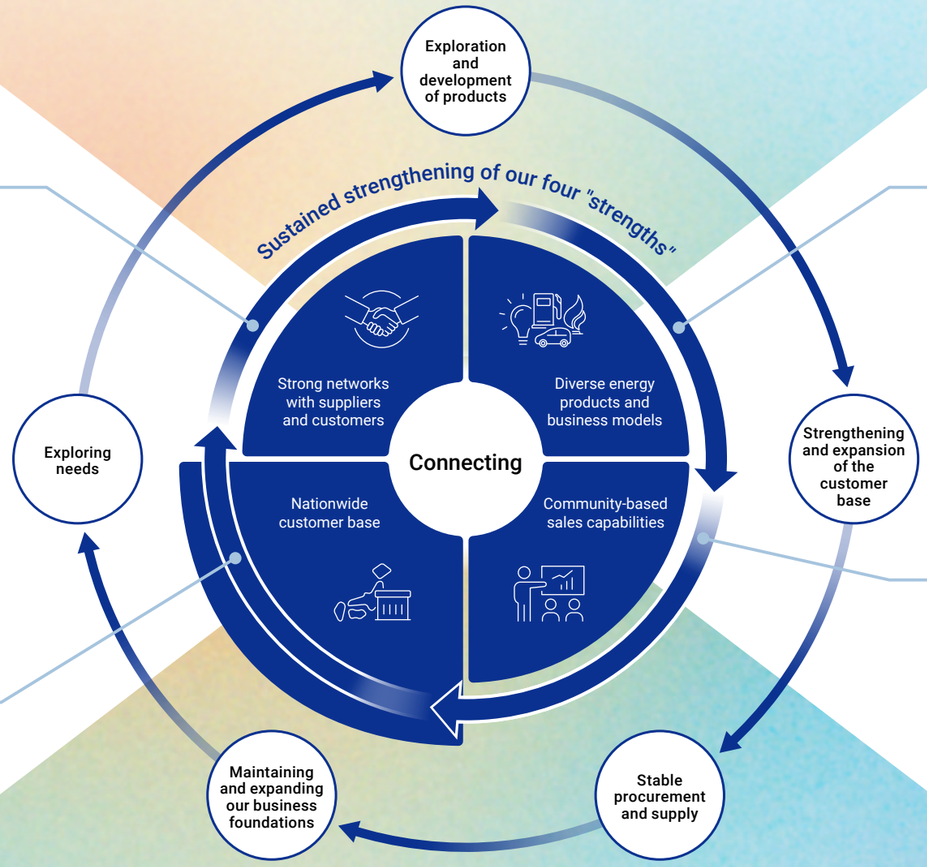
Be Ethical
Reliability and sincerity, creativity and ingenuity, transparency and integrity

Drivers of Value Creation:

Connecting Business Models and Expanding Our Strengths

Since its establishment, the Group has consistently supported people's lives and industries by "connecting" the entire energy supply chain, from upstream to downstream, under the unwavering mission of providing a "stable supply of energy."
The customer network, retail locations, and relationships of trust with business partners that we have cultivated throughout this process are the greatest source of value creation for the Group. This customer base, which we have built up by being deeply rooted in the daily lives and attending to the diverse needs of our customers, supports our stable income.
Currently, the environment surrounding the energy sector is changing rapidly due to the shift toward low-carbon and decarbonized energy, as well as structural changes in the industry. We view these changes as opportunities for growth, and by leveraging the network that has been built upon strong ties with our suppliers and customers, along with the robust customer base we have cultivated, we will rapidly adapt to changes in the business environment while diversifying our products and services.
Going forward, we will continuously enhance our unique strengths by "connecting" customers, partners, products, and services, which will accelerate the creation of new value and generate a virtuous cycle of further expanding our product lineup and customer base, thereby enhancing corporate value.

Expanding Our Products



1 Maintain and expand our nationwide customer base

The Group has built a sales network of 1,500 Car-Life Stations* nationwide, delivers petroleum products including gasoline, diesel and fuel oil to 4,300 corporate locations nationwide, gas to 1.5 million homes, and electricity to 320,000 customers, and the ongoing relationships with these customers form an important profit base for the Group. In addition to ensuring sincere customer service on a daily basis, we are deepening our trust-based relationships and maintaining and expanding our customer base by maintaining an infrastructure that can safely and securely deliver energy to all parts of Japan in both normal times and emergencies through the provision of a diverse range of products for each region and collaboration with partners, which will lead to the creation of ongoing profits.

* Car-Life Stations are service stations offering multiple services provided by the Company

2 Strong ties and networks with suppliers and customers

With a solid customer base built through community-based sales activities and highly trusted, broad sales channels, we have realized a procurement and supply system that flexibly responds to changes in the field. We have also established strong partnerships with businesses that provide a diverse range of commercial products and services, with the aim of co-existence and co-prosperity, and actively promote collaboration with a wide range of business partners, including major corporations and local governments.

3 Expansion of diverse energy products and business models

Anticipating social conditions and needs, we have built a wide range of businesses, including gas, petroleum, electricity, and mobility, through collaboration with various partners. We are acquiring new expertise beyond our traditional business domains, which in turn will drive the further expansion of our business areas and the evolution of our business models.

4 Strengthen sales capabilities rooted in community needs

We have locations placed nationwide and our business operations are closely tied with each region. Paying close attention to our customers' needs and repeatedly providing proposals closely related to their businesses and daily lives over many years have strengthened our client base and led to the discovery of new needs and new commercial opportunities.

Expanding Our Customer Base

Accumulated customer base (as of March 31, 2026)

Petroleum

Affiliate Car-Life Stations
Approx. 1,500

Corporate locations energy is delivered to
Approx. 4,300

Gas

Householdsreceiving gas
Approx. 1.5 million households

Retail network
Approx. 2,600 companies

Electric power

Group electric power sales contracts
Approx. 320,000

Heating supply districts
19

Mobility

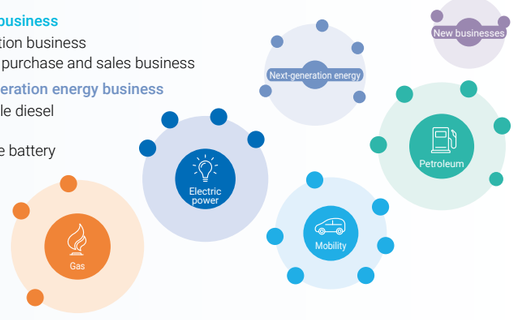
Car dealership outlets
102

Number of used-car purchase and sales stores (WECARS Co., Ltd.)
238

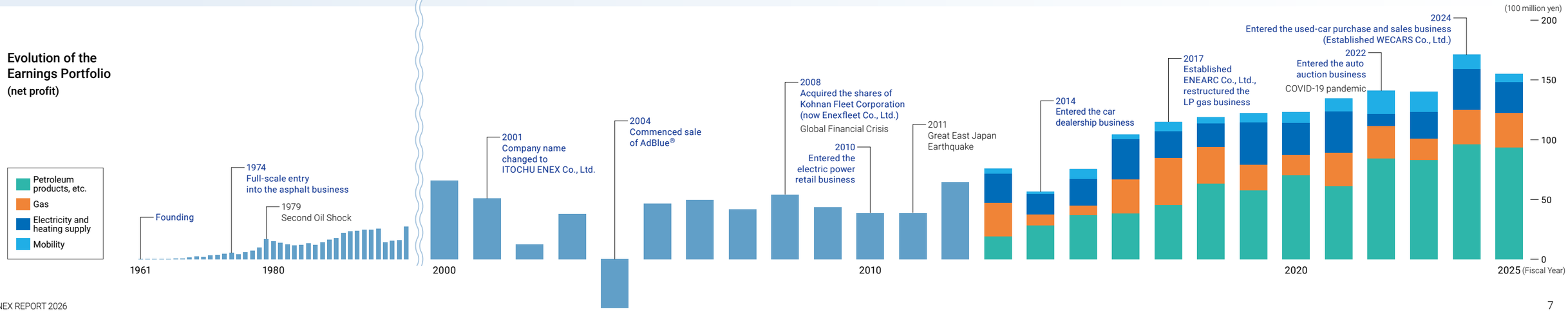
Evolution of the Business Portfolio

For more than 60 years since its establishment, the Group has overcome numerous challenges by anticipating changes in social structures and customer needs, flexibly transforming its business portfolio, and continuously expanding its business foundations. In the face of the current environmental issues and uncertainty in energy supply due to geopolitical risks, we are working to overcome them by evolving our business portfolio to realize the next ITOCHU ENEX through the provision of a variety of energy services for people's lives and industry, while maintaining and expanding our business foundations and taking on new challenges.

	1961~	2000~	2010~	2020~
Downstream Needs	• From coal to petroleum • Pursuit of stable supply and comfort	• Intensified sales competition and restructuring of primary distributors due to deregulation • Global warming	• Soaring energy prices • Intensified competition from electric power and city gas due to accelerated energy deregulation • Acceleration of the declining birthrate and aging population • Heightened consumer awareness and increased interest in energy conservation and efficiency	• Importance of stable energy procurement and stable supply due to geopolitical risks • Growing momentum toward a decarbonized society
The ITOCHU ENEX Group's Business	**Support Japan's growth through stable energy supply** Against the backdrop of rapid economic growth, we expanded our sales network and strengthened our supply system, centered on the stable supply of petroleum products and LP gas, thereby building energy infrastructure to support daily life and industry throughout the country.	**Strengthen our customer base and become a comprehensive energy trading company** We seized the opportunities presented by transformations in the petroleum industry, such as the decline in domestic demand and the restructuring of primary distributors, to strengthen our petroleum sales network and promote M&A in the LP gas business. We built the foundation for our current customer base in industrial and residential energy, transforming from a fuel trading company into a comprehensive energy trading company.	**Diversify by entering the electricity, heating supply, and car dealership businesses** Anticipating the maturation of our petroleum and LP gas businesses, we entered the electricity and heating supply businesses as well as the car dealership business, thereby building a new customer base centered on energy, automobiles, and households.	**Expansion of the mobility business Aim to create new value not reliant solely on energy** We are working to improve the profitability of our existing businesses and integrate our customer bases, while simultaneously expanding our business into peripheral areas. By leveraging the customer touchpoints and networks cultivated in our energy business, we are strengthening and expanding the mobility sector, which we position as a growth driver, through initiatives such as the establishment of WECARS Co., Ltd., and by doing so, we aim to create new growth areas and continue to evolve our business portfolio.
▶Main new businesses we entered	▶Petroleum business • Petroleum product sales business (gasoline, diesel fuel, kerosene, heavy oil) • Asphalt sales business ▶Gas business • LP gas sales business	▶Petroleum business • Fleet business • Petroleum product trading business • AdBlue sales business ▶Gas business • LP gas primary distribution business • City gas business	▶Electric power business • Electric power retail business • Power generation business • Heating supply business ▶Mobility business • Car dealership business • Car rental business	▶Mobility business • Auto auction business • Used-car purchase and sales business ▶Next-generation energy business • Renewable diesel • GTL fuel • Grid-scale battery



Evolution of the Earnings Portfolio (net profit)



Value Creation Process

As “The Best Partner for Life and Society,” the Group continues to contribute to solving social issues by quickly grasping the needs of each region through feedback from the field.
By continuing to strive to resolve issues, we will expand our customer base, increase profits, and leverage these for the sustainable enhancement of corporate value.

INPUT

E Environment

- Response to climate change
- Water and wastewater management
- Biodiversity conservation
- Waste treatment

S Society

- Energy security
- Declining birthrate and aging population
- Decrease in convenience of living due to depopulation
- Decrease in the working population
- Protection of human rights

G Governance

- Establishing transparent and effective governance
- Improving capital efficiency

Priority sustainability issues (Materialities)

For details, see P.40-41

- Response to climate change For details, see P.42-47
- Access to energy For details, see P.48-49
- Human Resource Utilization For details, see P.50-53
- Corporate Governance For details, see P.58-67

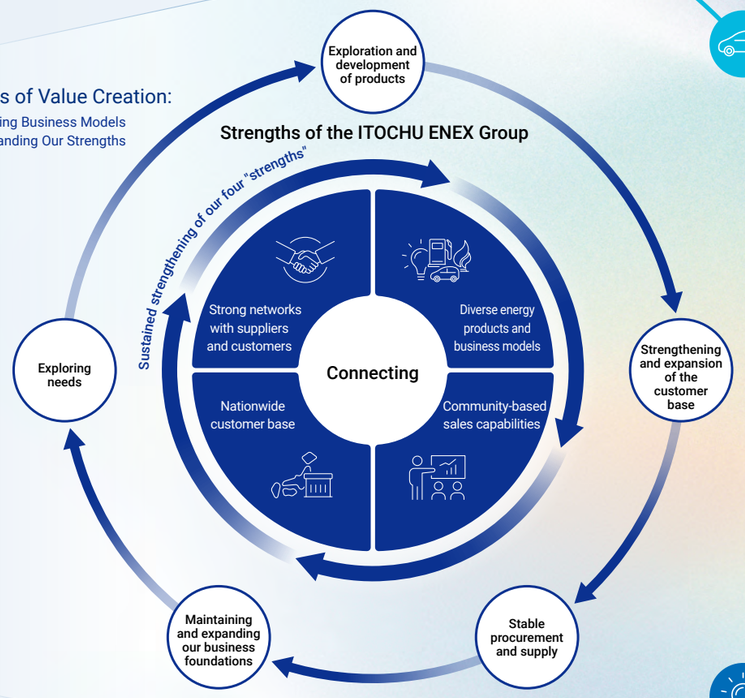
Corporate Philosophy

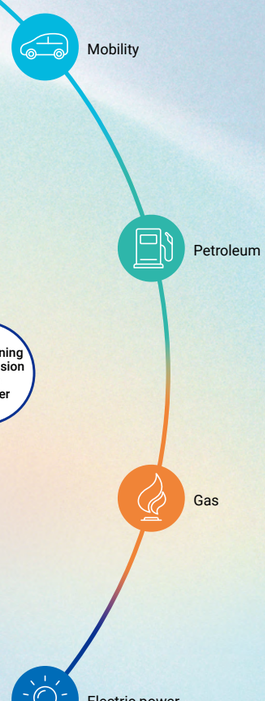
The Best Partner for Life and Society

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

Drivers of Value Creation:

Connecting Business Models and Expanding Our Strengths





OUTPUT

Strategy by Business

For details, see P.30-39

CAR-LIFE DIVISION

INDUSTRIAL BUSINESS DIVISION

HOME-LIFE DIVISION

POWER & UTILITY DIVISION

OUTCOME

Increase the value provided to society

- Stable procurement and supply of energy
- Stable supply of energy with low environmental impact
- Stable and transparent energy prices
- Resilient supply chains that can withstand disasters and risks
- Provision of energy and lifestyle services tailored to local characteristics
- Business activities that contribute to local industry

Improved stakeholder relations

Business partners and suppliers

- Strengthening trust and partnerships as a business partner
- Synergy through the Group’s networks and expertise
- Pursuit of mutual profit through business
- Cooperation to foster innovation
- Promoting eco-friendly procurement and dissemination practices

Local communities

- Contributing to prosperous communities and regional revitalization
- Initiatives to conserve the environment and biodiversity
- Initiatives to foster the next generation; support people with disabilities

Shareholders/investors

- Commitment to meeting market expectations through enhanced capital efficiency and steady realization of management plans
- Positive communication and appropriate evaluation

Re-recognition of social issues

Reinforcement of activities

NOBUYUKI TABATA

Representative Director and President

Message from the President

Fulfilling our social mission as "The Best Partner for Life and Society" and achieving more robust growth through the proactive and bold expansion of our business foundation.

A year of establishing a clear identity

In FY2025, I visited over 90 sites, including our locations in Japan and across Asia, as well as those of our key customers and partners. As I said when I assumed this role, this is because I place the utmost importance on the principle of the "actual site, actual goods, actual situation" by seeing, understanding, and assessing our products and market needs with my own eyes. My primary focus was to experience firsthand the "ITOCHU ENEX identity," which will serve as the foundation for making our company even stronger, and to identify our unique strengths and areas for change from the front lines of our operations. Externally, we may appear to be a diversified energy trading company handling a wide range of products, such as petroleum, LP gas, electricity, and automobiles, but what I witnessed on site was the true essence of our company, which cannot be defined solely by these product categories. A common thread across all departments is that "customer contact is the product itself." Starting from our network of 1,500 energy retail stations, mobility bases comprising 240 used car sales outlets, 100 dealerships, and 700 rental car locations, as well as our customer base of 320,000 electricity retail accounts and 1.5 million LP gas households, ITOCHU ENEX has arrived at its current form by providing what is needed and deepening our relationships with customers. For example, in the Home-Life business, we have expanded our offerings from the supply of LP gas to include a variety of products and services needed by households, such as kerosene, electricity, lifestyle-related devices, and monitoring services. When conducting such business, pursuing only our own short-term profits would result in severe repercussions. I believe the reason we have customers who have done business with us across generations for over 60 years is that, rather than simply pushing products, we have consistently maintained a long-term perspective and remained thoroughly committed to working closely with our customers.

We have also reaffirmed our other distinct strengths amidst the threats to energy security stemming from factors such as the situation in Iran. During normal times, we tend to take for granted that energy will be available whenever needed, but in reality, there are various stakeholders expending considerable effort behind the scenes to make this possible. Even amidst global supply chain disruptions, we have maintained a stable supply without any interruptions to our supply network. I am truly proud that this recent emergency has reaffirmed our strengths, including our procurement and logistics capabilities cultivated over our long history, and the on-site capabilities that support them, strengths that have led some to describe us as the undisputed leader among energy trading companies.

Progress of “ENEX2030 ’25-’26”

Our corporate philosophy, "The Best Partner for Life and Society," perfectly aligns with the essence of our business, and the societal role of each employee in providing energy as social infrastructure, and energy that enriches lives and nurtures minds, is so deeply ingrained that they naturally fulfill it in their daily work without conscious effort. Just as our predecessors have upheld the identity embodied in this corporate philosophy as they passed on the baton over the past 65 years, we too must continue to preserve it to sustainably enhance our corporate value. The subtitle of our Medium-Term Business Plan "ENEX2030" (FY2023–FY2030), "To Create Driving Force of Life," indicates the direction we must take.

Under "ENEX2030," we have divided the long-term roadmap through FY2030 into four two-year stages, and are proceeding with initiatives based on a specific theme that is set for each stage. During the first half, we intend to strengthen the revenue base of our existing businesses by strengthening on-site capabilities, while accumulating high-quality new business projects by strengthening our framework for making investments and investment execution. Moving into the latter half, we plan to expand the scale of our investments to enhance revenue and profitability, and build a highly profitable portfolio that does not rely on energy businesses or trading.

Having established a solid foundation in the 1st Stage, we are currently advancing the 2nd Stage, "ENEX2030 '25-'26" (FY2025–FY2026).For this Stage, we have set annual financial targets of net profit attributable to ITOCHU ENEX's shareholders of ¥16 billion (revised upwards to ¥16.5 billion in the FY2026 plan), substantive operating cash flows of ¥38 billion, and ROE around 9.0% for each fiscal year. In FY2025, the first year of this Stage, net profit attributable to ITOCHU ENEX's shareholders was ¥16.1 billion. Although this represented a year-on-year decrease due to factors such as the absence of a one-time profit recorded in the previous fiscal year, all businesses generated profits in a balanced manner, and we exceeded our planned targets, including ROE. This marks the third consecutive year of achieving our initial targets since the start of "ENEX2030." Regarding new and strategic business investments, as a result of carefully selecting projects under strict investment criteria, the amount

of investments was only ¥10.8 billion, compared to the planned two-year cumulative amount of ¥50 billion, but progress is being made in expanding the investment pipeline for execution in FY2026.

On the qualitative front as well, we steadily advanced our initiatives in accordance with our policies. Under one of our policies, "strengthening on-site capabilities," we made steady progress in enhancing the Group's consolidated business management, including the completion of the new ERP system's implementation. The Group has accumulated a vast amount of data across various domains. In the future, we intend to utilize this data to create new businesses, and we are currently exploring various possibilities.

We also pushed forward with enhancing Group governance, which is aimed towards strengthening consolidated business management. Regarding WECARS Co., Ltd., in which we invested in 2024, we have placed top priority on building a robust governance structure and strengthening compliance to restore trust over the past two years, and have seconded approximately 50 employees to its stores to engage in hands-on revitalization efforts, while also proceeding with the revision of its salary structure and the introduction of various systems. The results of these efforts have become clearly visible over the past few months, in the form of year-on-year increases in monthly sales. Currently, we are also strengthening its advertising and corporate sales efforts, and we aim to complete the revitalization as quickly and reliably as possible, achieving a turnaround while creating a trustworthy used car market.

In FY2026, we intend to continue positioning the initial plan as targets that must be achieved. Our profit-generating capacity is steadily improving, and I believe our targets are fully achievable as long as we steadfastly execute what needs to be done. While we have set a target of ¥20 billion in net profit attributable to ITOCHU ENEX's shareholders for the final year of ENEX2030, I am determined to achieve this as early as possible, without waiting for FY2030. Alongside the improvement in gross profit margins through the enhanced quality of trading, the driving force behind achieving this goal will be the enhancement of our business investment pipeline.

Promoting broad investment in line with our corporate philosophy, without defining specific priority areas

ENEX2030 does not specify priority investment areas or amounts of investment by area. As I mentioned earlier, this is because we position investment not as a product-centric approach from our own perspective, but as a means to strengthen and acquire what is needed, from the perspective of our customer base. We have set forth a policy to strengthen the mobility area because of its relatively high visibility. In the past, there were times when our stock price struggled to rise due to the "complexity" of our business, but I understand that this very "complexity" is now being reassessed as our resilience to environmental changes and as a strength in generating sustainable profits. For example, the strong momentum that was behind decarbonization-related businesses until a few years ago has now shifted significantly. If we had made skewed investments based on a pre-determined view of the future at that time, we would likely have been vulnerable to that shift. As uncertainty continues to heighten, this will hold even truer going forward. Our portfolio also includes products that reduce environmental impact, such as alternative fuels like renewable diesel, GTL, and hydrogen, as well as AdBlue® and the supply of renewable energy such as solar power. However, our approach to sustainably improving corporate value is to patiently maintain these businesses over a long time horizon and flexibly adjust our portfolio balance according to the situation, to ensure that we can respond to whatever circumstances may arise, and our policy is to explore a broad range of possibilities without limiting ourselves to specific areas. However, there are important criteria for investing in a new business. The investment must align with our corporate philosophy, "The Best Partner for Life and Society." This inevitably means targeting businesses that add depth to our customer base by satisfying customer needs, or in other words, peripheral businesses. Such businesses must be identified not through a top-down approach from headquarters, but driven by the personnel on site that have direct contact with customers. For this purpose, the Investment Strategy Office, established under the Corporate Planning Department, aims to promote project identification by those on site and facilitate investment execution by developing investment professionals, as well as analyzing potential deals proposed by those on site and supporting the structuring of projects. In FY2025, we executed investments aimed at strengthening our foundation from this on-site perspective.

In the marine fuel business, we strengthened our foundation by acquiring shares in Kanmon Kaiun Co., Ltd. (currently, Enex Marine Connect Co., Ltd.), which supplies marine fuel in the Kyushu area. We plan to expand the company's business by internalizing, streamlining, and digitalizing its logistics through the combination of the know-how and customer base that the company has cultivated over a long period, together with our own resources, as well as by

strengthening the company's future environmental initiatives. In the electric power business, we strengthened our foundation by adding two LNG gas engine power generation facilities. We intend to ensure a stable supply and address environmental issues through high balancing capabilities that leverage the agility of gas engines, while aiming to maximize profits by optimizing our electric power business portfolio.

We have no intention of relaxing our investment criteria simply to deploy the remaining ¥39.2 billion of our investment plan, but given our ample investment capacity backed by abundant cash and deposits, investing an amount in excess of the plan remains an option, provided there are high-quality projects that surpass our investment criteria. We have already selected several promising investment candidates, and we plan to expand our pipeline going forward by exploring larger-scale new and strategic business investments, while taking steps to lay the groundwork for accelerating profit growth from FY2026 onward, with an eye toward FY2030.

Creating both social and economic value unique to ITOCHU ENEX

Outside of Japan's major metropolitan areas, there are serious concerns regarding the severe impact of population decline and aging on regional economies. If the population declines, the consumption of energy such as gasoline and LP gas will certainly decrease. This will lead to a deterioration in the profitability of gas stations, which, coupled with succession issues, may result in an increase in business closures. It goes without saying that healthy competition is necessary, but in an industry where consolidation has yet to advance, if competitor companies continue to compete for a shrinking pie, the entire industry will eventually suffer a structural decline, threatening the energy supply to local communities. I believe that, in order to fulfill our social mission of ensuring a continuous and stable supply of energy, the industry as a whole must consider measures such as improving operational efficiency and streamlining logistics functions. I believe this will ultimately be desirable for the sustainable development of the industry, and we will proactively explore the various possibilities. I firmly believe that these initiatives also align with our corporate philosophy, "The Best Partner for Life and Society."

We are also advancing such initiatives to protect local economies by leveraging a combination of our resources. "WECARS Partners" is one such example. We have a nationwide network of approximately 1,500 affiliated Car-life stations. In addition to selling gasoline, these stations offer a wide range of mobility-related services, including car washes, vehicle inspections and maintenance, and the sale of products such as tires. While the owners of some of these stations also buy and sell used cars, their relatively small scale prevents them from benefiting from economies of scale, resulting in limitations in both purchasing and sales.

Message from the President

"WECARS Partners" is a new used-car distribution scheme that combines these community-based dealerships with the WECARS network. Dealers can purchase vehicles from WECARS' extensive inventory at the WECARS Partners price, and conversely, WECARS can also buy used cars that have been procured by the dealers. This means that WECARS has effectively built a massive nationwide sales network, in addition to its own 240 stores.

In April 2026, we acquired an equity stake in Agencia Inc., a technology company that provides SaaS/PaaS-based DX solutions for various sectors, including the mobility sector. By leveraging the company's main service, which supports the generation and utilization of 360° vehicle images, we are exploring possibilities such as standardizing used car purchase appraisals, improving operational However, there are important, and reducing customer waiting times through the standardization of images and information.

These achievements were made possible by our investment in WECARS Co., Ltd., and represent initiatives that would not have been possible had we viewed the market solely from the perspective of "gasoline" as our primary product. In this way, I believe that our unique approach to simultaneously creating both social and economic value as "The Best Partner for Life and Society" involves devising innovative ideas to provide what our customers and partners need, and realizing them by combining our management resources.

Fostering a culture that encourages taking on challenges, and developing systems

I believe that our diligent corporate culture of working tirelessly and creatively for our customers is something we should preserve in order to protect our customer base and continue to deepen our relationships, but this also entails inherent challenges. In other words, it is because we have a stable customer base that our culture has a tendency of being risk-averse. To further expand our customer base going forward, I believe it is necessary to cultivate a mindset of taking risks and boldly venturing into new businesses. Under "ENEX2030," we have consistently set forth "strengthening on-site capabilities" as a policy, and one of its objectives is to foster such a culture of taking on challenges. We plan to develop systems that expand the opportunities to take on challenges, such as by establishing criteria within the evaluation points for company-wide awards that encourage employees to consciously take on challenges in their daily work. At the same time, we intend to promote the diversification of our human resources, with a primary focus on appointing and developing personnel who possess a strong challenge-oriented mindset. From FY2026, we have newly added an engagement index as one of the non-financial KPIs under "ENEX2030." The objective here, too, is not merely to improve the figures, but rather, I believe that the figures will naturally improve by encouraging employees to take on challenges, boosting their motivation, and providing them with a sense of growth, which will, in turn, steadily lead to the enhancement of our corporate value. We also aim to create a workplace where diverse human resources can thrive with peace of mind over the long term, and to this end, we are promoting the advancement of women, mid-career recruitment primarily of young professionals, and the development of an environment and systems that motivate veteran and senior employees to continue playing an active role. I expect these mechanisms to transform our organization into one where human resources with diverse experiences and values can achieve growth.

We have deepened our expertise through vertical organizational structures in each of our businesses, accurately meeting the needs of the customers we serve. This organizational structure is an organizational asset that forms the foundation of our on-site capabilities, having strengthened our relationships with customers and fostered strong loyalty and high cohesion within each business. However, as market needs diversify, we must create new businesses that transcend the boundaries of domains. Our policy is to promote cross-organizational communication through initiatives such as establishing cross-functional training programs, thereby facilitating the sharing of knowledge both vertically and horizontally. We intend to explore personnel transfers across organizational boundaries to increase the fluidity of knowledge and experience held by our people and to broaden the organization's perspective, while carefully considering the balance with "vertical loyalty."

Time to proactively and boldly expand our customer base

I often re-read our corporate history. Having reached a current scale of ¥16 billion in net profit, we aim to expand this to a level of over ¥20 billion by FY2030. However, looking back at our history, net profit was less than ¥100 million when we were first established. It was ¥2.2 billion in 1990, ¥3.4 billion in 2000, and remained at ¥4.3 billion even in 2010. Thereafter, we expanded our business base from our traditional petroleum and LP gas operations to mobility, next-generation energy, and electric power, which accelerated profit growth to reach our current profit scale and also raised salary levels and enriched the lives of our employees. At the same time, all of our officers and employees, myself included, must reaffirm that reaching this level of earnings, especially given our size and trading-centric business model, is entirely due to the hard work of our predecessors, who continuously deepened our customer base. Furthermore, ITOCHU ENEX generates 99% of its net sales in the Japanese market, where the total population is certain to continue declining. It is natural to assume that focusing solely on protecting our customer base and conducting business as usual will inevitably lead to a decline in future earnings.

A predecessor of mine once referred to our company as an “agrarian tribe”. I believe this phrase accurately describes us, as we excel at steadily "cultivating" our inherited customer base, which is the “field.” The time has come for ITOCHU ENEX to leverage these strengths without resting on our laurels, proactively and boldly expand our customer base, and steepen the growth curve outlined in ENEX2030. It is our responsibility to pass on an even more competitive and profitable ITOCHU ENEX to the next generation, thereby fulfilling the expectations of our long-term shareholders.
I intend to lead by example and spearhead these challenges.
I look forward to your continued support.

Message from the CFO

Providing steady support for the expansion of our business foundation and enhancement of corporate value from financial and organizational perspectives.

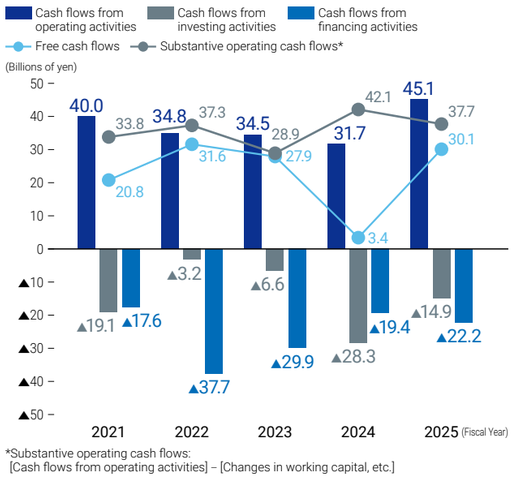
Director and Executive Officer
Chief Financial Officer, Chief Compliance Officer, and Chief Operating Officer, Corporate Administration Division
Satoshi Watanabe

Financial and Capital Strategy in “ENEX2030 '25-'26”

Under our current Medium-Term Business Plan, ENEX2030 (FY2023-FY2030), ITOCHU ENEX is progressing the creation of new businesses and reform of our business model, and working on building a highly profitable portfolio. We will strengthen our on-site capabilities to further enhance our customer base and improve profitability, and use the cash generated from these efforts to execute new and strategic investments totaling approximately ¥210 billion over eight years. By creating new businesses, we will achieve our FY2030 net profit target of ¥20 billion.

Under "ENEX2030 '25-'26" (FY2025-FY2026), the 2nd Stage of "ENEX2030," we have set quantitative targets of achieving a net profit of ¥16 billion and an ROE of 9% each fiscal year. We plan to generate substantive operating cash flows of ¥38 billion each fiscal year, surpassing the ¥35 billion in the 1st Stage, and invest at a scale of ¥50 billion cumulative over the two-year period in peripheral areas of our existing businesses.

Cash flows



*Substantive operating cash flows:
[Cash flows from operating activities] – [Changes in working capital, etc.]

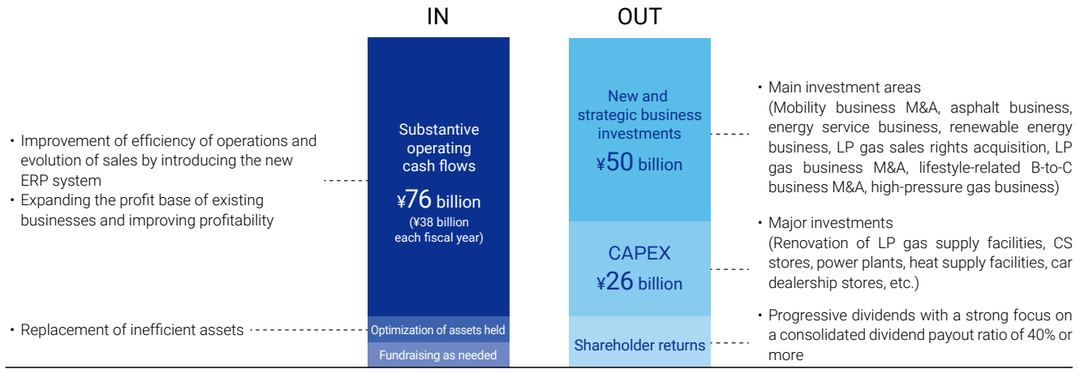
Review of FY2025 and Policy for FY2026

In FY2025, the first year of "ENEX2030 '25-'26," net profit was ¥16.1 billion, which was a decrease from the previous year. However, this was primarily due to the absence of the one-time profits recorded in the previous year, which were related to strong performance in supply and demand operations in the Industrial Business Division and solar power plants in the Power & Utility Division. We were able to successfully absorb negative factors during the year, such as a decrease in new and used car sales volume in the Car-Life Division, and achieved our targets for the third consecutive year, including the two years of the 1st Stage. Looking at the results by segment, three segments, namely the Car-Life, Industrial Business, and Home-Life Divisions, achieved their full-year targets. In particular, looking at core earnings excluding one-time gains and losses, we achieved a year-on-year increase, despite the decline in net profit. I can confidently say that the revenue base of our existing businesses is steadily strengthening. Operating cash flows were largely in line with our plan, and ROE also exceeded our target. While new and strategic business investments executed in FY2025 amounted to only ¥10.8 billion, we believe this is the result of carefully considering price level, risk, and efficiency, with a focus on the cost of equity (around 7%), and appropriately screening and evaluating projects. We are steadily proceeding with capital investments in our existing businesses, and thanks to the framework for making investments that we have continuously strengthened, our efforts to identify and execute investment projects led at the front line are steadily bearing fruit. For example, we have made progress in solidifying the foundation of our existing businesses and peripheral areas by reinforcing our marine fuel business through the acquisition of Kanmon Kaiun Co., Ltd. (currently, Enex Marine Connect Co., Ltd.), expanding our LNG gas engine power generation facilities, and acquiring LP gas sales rights.

In FY2026, we have raised our net profit target to ¥16.5 billion and intend to certainly achieve it alongside our ROE target. We will continue to expand the revenue base and improve the profitability of our existing businesses to generate stable operating cash flows. Regarding our plans for new and strategic business investments, we will not make the expenditure of the cumulative ¥50 billion target amount over two years an objective in itself, but instead, we will remain highly conscious of improving the "quality of investments" by pursuing the optimization of risk and return, while mindful of the cost of capital. Progress has already been made in expanding our investment pipeline through the identification of promising projects, and depending on the project, we will not rule out the possibility of our total investment amount exceeding the plan or the use of external funding. While our policy is to further expand the scale of our investments to accelerate profit growth in the next Stage, we have absolutely no intention of relaxing our investment criteria. Taking into account the recent rise in interest rates and increased market volatility, we will proceed with investments based on sound judgment, giving full consideration to both revenue growth and risk management.

As our shareholder returns policy, we have a strong awareness of maintaining our consolidated dividend payout ratio at 40% or more, and we aim to meet stock market expectations through "progressive dividends," which entails continuously increasing the actual dividend amount through the steady accumulation of profits. Regarding dividends per share for FY2025, despite a decrease in net profit, we paid an annual dividend of ¥66 per share, an increase of ¥4 from the previous year, resulting in a dividend payout ratio of 46.4%. For FY2026, we forecast an annual dividend of ¥68 per share and a consolidated dividend payout ratio of 46.5%.

ENEX2030 '25-'26 Cash Allocation



Strengthening of Group-wide consolidated business management and promotion of portfolio management

In addition to finance and business management, I also serve as Chief Operating Officer of the Corporate Administration Division, overseeing human resources and general affairs, digital strategy, and legal and compliance. We will achieve optimal allocation by making integrated decisions regarding

the allocation of not only financial capital but also human resources and other non-financial capital, and at the same time we will enhance effectiveness by advancing the evolution of our IT infrastructure, ensuring thorough compliance, and promoting ESG initiatives integrally with our growth strategy.

We are continuously strengthening the execution framework for new and strategic business investments established in the 1st Stage of "ENEX2030 '23-'24." Led by the Investment Strategy Department, we have steadily advanced the sophistication of the investment strategies for each business and the optimization of our investment criteria. Regarding risk management, the Corporate Planning Department manages risks comprehensively from a company-wide perspective, while the Business Management Department analyzes and manages individual business risks from a front-line perspective, providing recommendations for effective countermeasures to the business divisions.

We are also pushing forward with the strengthening of the Group's consolidated business management. In addition to collecting and analyzing data from each operating company and providing management guidance, we are working to enhance Group governance by strengthening the operating companies' compliance and risk management through the provision of our know-how and other resources. Regarding the new ERP system, which we position as a foundation to support the strengthening of the Group's on-site capabilities, we have completed the integration of our core systems and are currently focusing on advancing business management and promoting operational efficiency through its utilization, while also turning our attention to the next steps for this system. Under the leadership of the Digital Strategy Department, we aim to leverage vast amounts of big data across the Group by fully utilizing AI, which will lead to the creation of new businesses.

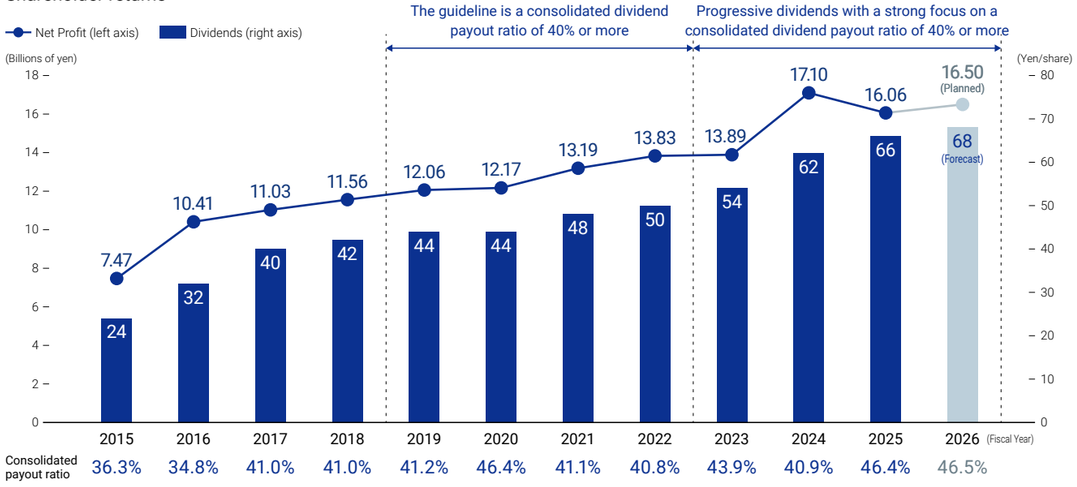
Sustainability at ITOCHU ENEX

In terms of sustainability, I believe that responding appropriately to external demands is essential and will lead to the enhancement of ITOCHU ENEX's corporate value over the medium to long term. "Access to energy," which we have identified as a material issue, is a theme that not only contributes to local communities through a stable supply of energy, but is also directly linked to the economic value of stabilizing our revenue base and creating new opportunities. As a company that handles fossil fuels, we recognize that climate change countermeasures are an extremely important factor for the sustainable enhancement of our corporate value from the perspective of both risk and opportunity, and we will proceed with initiatives based on our material issue of "response to climate change". We have set a target of reducing GHG emissions by at least 50% by FY2030 compared to FY2018, and we made progress by achieving a 36% reduction in FY2025. As climate change countermeasures are influenced by national policies and the international situation, we intend to continuously advance our efforts over a long-term timeframe, rather than reacting to short-term changes in the situation on a case-by-case basis. "Human resource utilization" is also one of our material issues. Empowering diverse human resources, including women, is essential for sustainable growth. We have increased the ratio of female graduate hires to 29%, bringing us close to achieving our FY2030 target of "30% or more", and in addition to achieving this goal, we intend to focus on removing barriers that prevent talented human resources from demonstrating their abilities. Regarding external evaluations, we have received high evaluations, such as being selected as a constituent of the ESG indices "FTSE JPX Blossom Japan Sector Relative Index" used by the Government Pension Investment Fund (GPIF), one of the world's largest institutional investors, and the "MSCI Japan ESG Select Leaders Index," and we will continue to respond to the market's requests in a transparent manner.

Steady execution of strategy toward the 3rd Stage

I believe our commitment to consistently achieving performance targets and steadily expanding shareholder returns has earned a certain level of recognition from the market, as reflected in our stock price, with our PBR consistently exceeding 1x and our PER rising. Recognizing that high-quality growth is essential to further improve our market valuation, I am aware that my responsibilities as CFO and CCO are taking on greater weight and I intend to dedicate even more effort to driving the financial and capital strategies that underpin our overall strategy, while strengthening our business infrastructure and Group governance. Through active dialogue with the capital market, we will strive to reflect the feedback and requests of our shareholders and investors in our management decisions. We intend to achieve our FY2026 performance targets and steadily execute our policies under ENEX2030, including new and strategic business investments, thereby driving consistent profit growth from the 3rd Stage onward. I sincerely request your continued support.

Shareholder returns



*In FY2020, a commemorative dividend of ¥6 was paid separately (the consolidated dividend payout ratio includes the commemorative dividend).

Enhanced corporate value (increased PBR)

Improve ROE

Improve profitability
- Improve efficiency and standardization of operations through the use of DX and the new ERP system
- Strengthen sales capabilities and expertise through investment in human capital

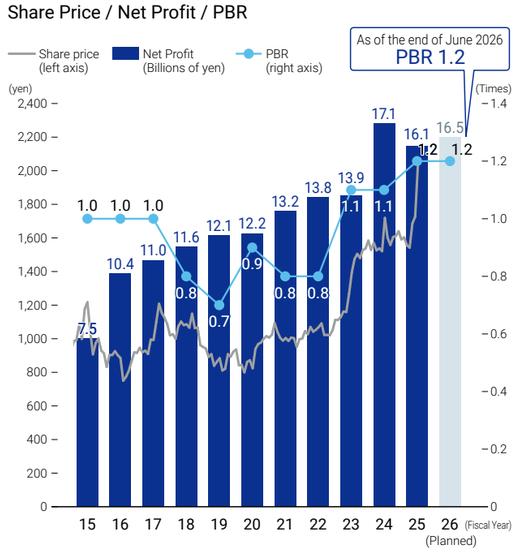
Improve asset efficiency
- Investment strategy based on the strategy of each business
- Replacement of inefficient assets

Improve PER

Develop and nurture growth businesses
- Expand the mobility business centered around WECARS Co., Ltd.
- Strategic investment for reorganization of LPG wholesale and retail businesses
- Active investment in domestic and international logistics businesses and industrial gas businesses

Control capital costs

Strengthen risk management
- Strengthen the system to manage investment projects and manage and support operating companies through the Business Management Department
- Strengthen management of human resources and compliance on a consolidated Group-wide basis

Sustainability management (environment and human resources)
- Promote alternative fuels, renewable energy, and other businesses to reduce business risks associated with climate change
- Strengthen the organizational foundation for developing next-generation management talent and improving diversity

Share Price / Net Profit / PBR