

# Strengths of the ITOCHU ENEX Group

Since its establishment, the Group has consistently pursued its mission of providing a stable supply of energy, synergistically maintaining and expanding our customer base and diversifying the products we offer. In doing so, we have built up unique strengths that lead to the enhancement of sustained corporate value. We aim to further bolster our strengths as we continue to operate our businesses based on our management philosophy of being “The Best Partner for Life and Society.”



Expanding Our Products



Expanding Our Customer Base

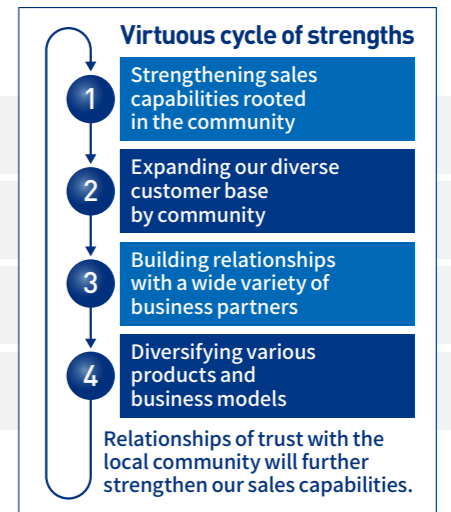


## Diverse products and business models

Our position as an energy trading company allows us to curb investments in manufacturing facilities, and also means we are not tied to our own products. Based on our mission of “delivering energy,” we are able to flexibly provide a variety of energy products to meet needs on a one-stop basis. For example, in the electric power business, in addition to electricity generated at power plants owned by the Group, we also have procurement channels from major electric power companies. Furthermore, by creating alternative energy sources and various new businesses, our business model allows us to sustainably increase our corporate value even in a rapidly changing business environment.

## Sales capabilities rooted in the community

The Group operates businesses that are rooted in the local community. Each community has social issues that are different from metropolitan areas. The Group has created new businesses and solidified our customer base through sales activities that are closely connected to the local community and that respond carefully to the needs identified in the field. Against the backdrop of changes in the social structure, such as the declining birthrate and aging population, we view increasingly diverse social issues as new business opportunities and are working to further strengthen our on-site capabilities.



## Relationships with a wide range of business partners

In addition to the wide range of sales channels we have built, we are leveraging our flexibility as an energy trading company to collaborate with a variety of business partners, including major companies in a variety of industries and local governments. We are building win-win relationships in everything from petroleum and LP gas to clean energy and a variety of services that support daily life, enabling us to provide products and services that meet the needs of each community.

## Diverse customer base in the community

Our Group has built a sales network with 1,610 Car-Life Stations nationwide, and delivers corporate energy to approximately 3,000 business locations nationwide and gas to 1.5 million homes. This customer base is an important foundation that provides the Group with stable earnings and allows us to discover new business opportunities. In addition to thorough and sincere customer service, we strive to deepen relationships of trust by providing a variety of products in each community and by collaborating with partners, and are working to further expand and deepen our customer base.



# Value Creation Process

As a “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.



# Strategic Direction: Sustainable Expansion of Our Foundations

The ITOCHU ENEX Group has developed its enterprises centered on essential businesses such as petroleum and LP gas, which are important as social and life infrastructures. We have created a virtuous cycle of accumulated strengths, while adapting to changes to the times and the external environment to flexibly and nimbly expand and change our business foundations. Under our newly formulated Medium-term Business Plan, “ENEX2030,” we will provide a variety of energy services and take on the challenge of further growth and transformation.

Expansion of Our Foundations

## Unique Foundations

The reason our Group has been able to provide a safe and stable supply of energy for over 60 years is because we have built a unique foundation that organically combines networks with customers, infrastructure, and business partners. Even though the petroleum and gas markets are shrinking, we are working on M&A and active sales development in the LP gas business, etc., in order to further strengthen and maintain these foundations.

- Petroleum**
  - Stable customer base (1,610 affiliated CS locations delivering industrial energy to approximately 3,000 business sites)
  - Connections and sales networks built between sales outlets and business partners
- Gas**
  - Stable customer base (gas delivered to approximately 1.5 million households)
  - A sales network established by Group companies nationwide

## Expansion of Our Foundations

Utilizing the foundations we have independently built in the petroleum and gas businesses, we have expanded into peripheral businesses such as related services, and created synergies with our new forays into the electric power business (electric power retail business from 2010) and the mobility business (in 2014 with the car dealership business).

- Electric power**
  - Approximately 324,000 Group electric power sales contracts
  - 19 heating supply districts in the Kanto area
- Mobility**
  - 108 car dealership outlets
  - 532 car rental outlets

## Creating new foundations

Connecting foundations digitally

Connecting foundations with electric power

We are making full use of our unique foundations to create new businesses, including environment-related businesses. In addition, we are utilizing the sales expertise we have developed in Japan to go forward with overseas expansion, quickly detecting changes in the times and external environment, and expanding our base in a variety of areas. In doing so, we are studying how to create new foundations while continuing to flexibly transform.

- Connecting our foundations with electric power**
  - Expanding new businesses by connecting petroleum, gas, mobility, and other businesses with electric power
  - Taking advantage of our ability to access diverse industries, we have formed alliances with various companies (e.g., electricity sales collaboration with Nissan Motor Co., Ltd.)

- Connecting our foundations digitally**
  - Connecting existing businesses digitally to explore efficiency and new services (e.g., streamlining automatic meter reading and delivery by utilizing LPWA\*, smartphone refueling that allows payments for car refueling, etc. to be made using a smartphone)
  - Reorganizing the customer base of our various businesses and providing services in tune with customer needs

\*LPWA: An LP gas central monitoring system that can remotely monitor the remaining amount of LP gas and centrally monitor it.



# Boosting Capital by Deepening Relationships

# With Stakeholders

The ITOCHU ENEX Group regards constructive communication with stakeholders as the basis for sustainable growth, and strives to deepen relationships with a wide range of stakeholders.

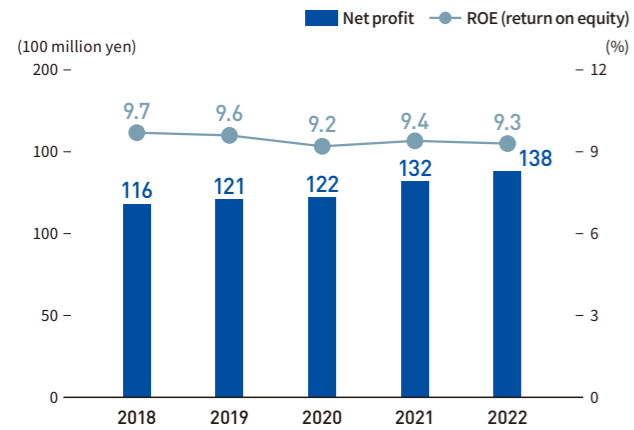
Stakeholders	Main relevant capital	Importance of stakeholders	Initiatives to deepen relationships (increase capital)	Relationship to corporate value	Corresponding important issues
<b>Customers (consumers)</b>	<b>Social capital</b>	As “The Best Partner for Life and Society” laid out in our Corporate Philosophy, we have made it our mission to not only stably supply energy, but also promptly and attentively provide our customers with the diverse services they need. We strive to create an environment where customers can rationally and confidently choose better products and services.	<ul style="list-style-type: none"> <li>Offering products and services through branches and Group companies nationwide</li> <li>Maintaining supply via LP gas core filling stations and resident base service stations (disaster response stations)</li> <li>Disaster response network to connect disaster-stricken areas and other areas nationwide (offering company-wide support for affected areas)</li> <li>Solutions tailored to society’s needs, including eco-friendly products and services</li> <li>Initiatives rooted in local communities, such as CS operations in depopulated areas and meal delivery services for the elderly</li> </ul>	<ul style="list-style-type: none"> <li>Expanding profit opportunities by expanding the customer base</li> <li>Tapping needs that will lead to new business</li> </ul>	<ul style="list-style-type: none"> <li>Response to climate change</li> <li>Access to energy</li> </ul>
<b>Business partners</b>	<b>Social capital Production capital Intellectual capital</b>	We endeavor to offer better services by working toward two-way dialogue with our business partners, in addition to appropriately managing any information related to them and securely protecting confidential information. We believe that dialogue with our business partners will become increasingly important as the environment surrounding our Group changes significantly.	<ul style="list-style-type: none"> <li>Strategic alliances and sustained collaborations with companies in a variety of industries</li> <li>Running “ENEX Meetings” for training and exchange with business partners</li> <li>Holding exchange meetings, informal conferences, and product seminars in each region</li> <li>Distribution of web communication tools for LP gas/CS business outlets</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of customer base through stable supply of energy</li> <li>Creation of new business models through alliances</li> </ul>	<ul style="list-style-type: none"> <li>Response to climate change</li> <li>Access to energy</li> </ul>
<b>Suppliers</b>	<b>Social capital Production capital Intellectual capital</b>	We promise to ensure that our business will always be conducted in a fair manner. This means that we will do business based on fair and free competition; will procure fairly; will strictly observe rules and regulations on commercial transactions; and will refrain from unfair conduct, including price fixing and cartel agreements. We seek to grow together with our suppliers by maintaining and reinforcing our mutual trust.	<ul style="list-style-type: none"> <li>Holding and participating in exchange meetings, informal conferences, and various events in each region</li> <li>Sales promotion through our own campaigns and events</li> <li>Regular face-to-face meetings, and discussions to explore new opportunities</li> <li>Promoting the use of environmentally-friendly products among consumers and business partners</li> </ul>	<ul style="list-style-type: none"> <li>Stable supply of energy</li> <li>Providing new products by procuring diverse products</li> </ul>	<ul style="list-style-type: none"> <li>Response to climate change</li> <li>Access to energy</li> </ul>
<b>Local communities</b>	<b>Social capital</b>	Based on our Corporate Philosophy of being “The Best Partner for Life and Society,” we strive to contribute to society as a good corporate citizen through our business activities. With our vision to develop the environment, people, and communities in ways that foster the next generation, we are working to deepen communication and mutual understanding with local communities and engaging in activities pass on a sustainable society to the future generations.	<ul style="list-style-type: none"> <li>Holding events for food education, fire education, and hands-on job experiences related to our businesses</li> <li>Actively participating in and supporting community events; holding cleanups</li> <li>Activities for fostering the next generation through co-sponsored sports events, assistance for persons with disabilities (Golf, soccer and basketball teams, etc.)</li> <li>Running a volunteer activity support system to develop reliable human resources who will contribute to society</li> </ul>	<ul style="list-style-type: none"> <li>Tapping needs that will lead to new business</li> <li>Sustainability of businesses in communities</li> <li>Fostering a sense of trust through disaster response</li> </ul>	<ul style="list-style-type: none"> <li>Response to climate change</li> <li>Access to energy</li> </ul>
<b>Shareholders /investors</b>	<b>Financial capital</b>	We strive to continuously provide and explain the information necessary for investment decisions in a timely, fair, accurate, and clear manner and be rated appropriately by our shareholders and investors. We value two-way communication and are engaged in various activities to ensure that requests and opinions are shared with the management in order to improve the Group’s operations.	<ul style="list-style-type: none"> <li>Opportunities to actively communicate with shareholders and investors (General meeting of shareholders, financial results briefing, individual interviews with institutional investors, etc.)</li> <li>Business management emphasizing maintenance of a healthy financial structure and capital efficiency</li> <li>Enhanced content for investors through appropriate disclosure of information, our website, etc.</li> <li>Sustainable growth based on our Corporate Philosophy, for example by achieving our Medium-term Business Plan targets</li> </ul>	<ul style="list-style-type: none"> <li>Realization of management rooted in a medium- to long-term perspective</li> <li>Upgrading management through communication</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> </ul>
<b>Employees</b>	<b>Human capital Intellectual capital</b>	Since its founding in 1961, the ITOCHU ENEX Group has always considered its people to be its greatest asset. Human resources are at the center of the Group’s value creation and are the driving force of sustainable growth and medium- to long-term enhancement of corporate value. Accordingly, the Group seeks to provide a pleasant and rewarding work environment for all employees.	<ul style="list-style-type: none"> <li>Promotion of “ENEX EARLY BIRD” working style reforms</li> <li>Systematic training schemes, overseas on-the-job training programs, and graduate school admission program for working professionals</li> <li>Initiatives to improve health literacy, respond to mental health issues, and prevent harassment</li> <li>Utilization of human resources and improvement of systems and in-house environment based on the Diversity Statement</li> <li>Job satisfaction surveys to ascertain employees’ perceptions, satisfaction levels, and their opinions on programs/systems</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the customer base by strengthening on-site capabilities</li> <li>Creation of new business models</li> </ul>	<ul style="list-style-type: none"> <li>Human resource utilization</li> <li>Corporate governance</li> </ul>
<b>Environment</b>	<b>Natural capital</b>	As a company dealing in various forms of energy, we believe one of our most important challenges is to achieve sustainable growth through careful consideration of how to achieve harmony between a better global environment and our lifestyles. Through our ongoing business activities, we are conscious of the global environment, strive for environmental conservation, and actively engage in environmentally-friendly businesses.	<ul style="list-style-type: none"> <li>Identification of climate change response as an important issue and disclosure of our Action Plan</li> <li>Providing various environment-related products and services and studying new efforts (alternative fuels, renewable energy, storage batteries, electric vehicles, and heating supply systems)</li> <li>Eco-office activities: energy saving and transition to green energy at business offices</li> <li>Compliance with environmental regulations and environmental management systems (ISO 14001), and promoting activities on environmental protection and biodiversity conservation</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring sustainability by responding to environmental risks</li> <li>Expansion of clean energy and electric power businesses</li> </ul>	<ul style="list-style-type: none"> <li>Response to climate change</li> </ul>

# Financial & Non-financial Highlights

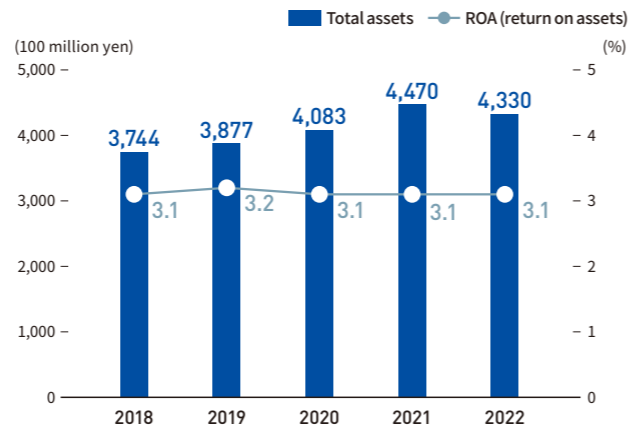
Note: The values in non-financial data are non-consolidated basis

## Financial

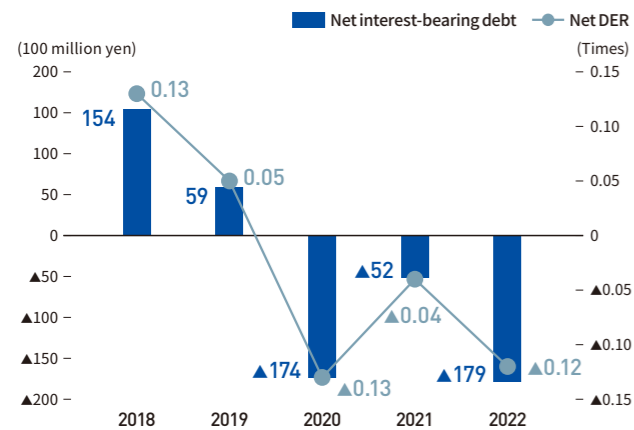
Net profit / ROE (return on equity)



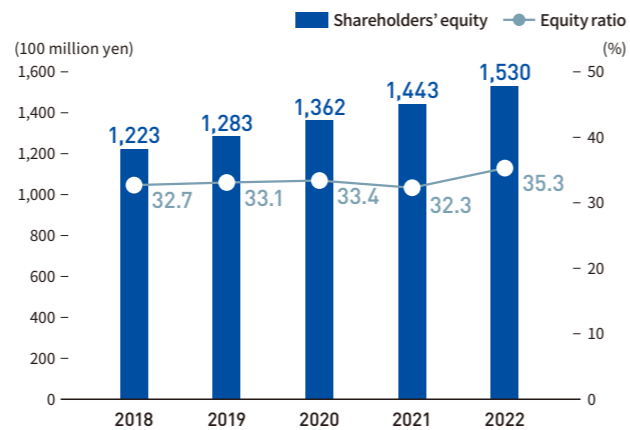
Total assets / ROA (return on assets)



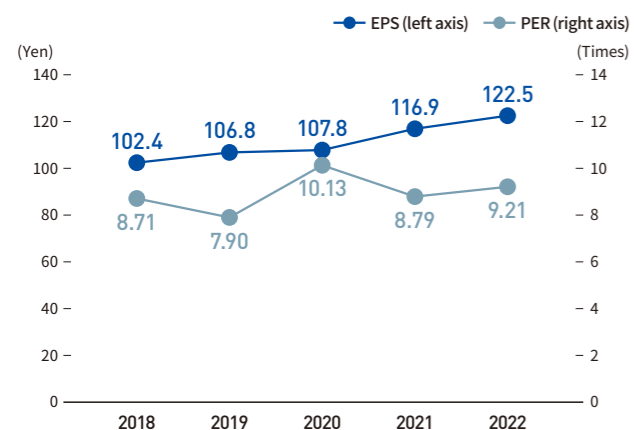
Net interest-bearing debt / Net DER



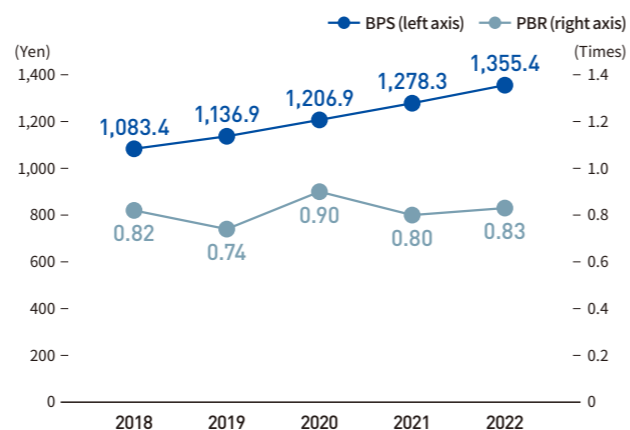
Shareholders' equity / Equity ratio



EPS/ PER\*



BPS/ PBR\*

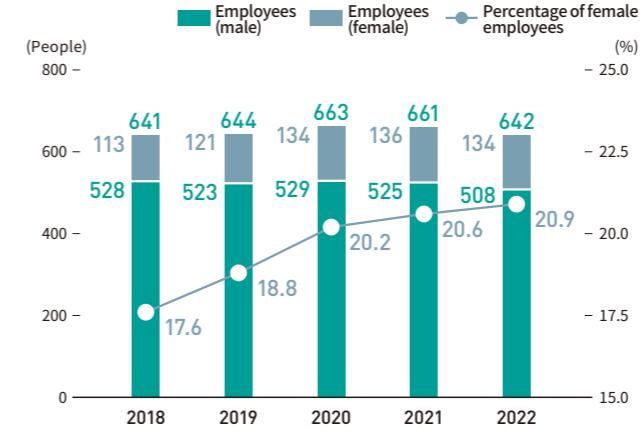


\* EPS (earnings per share) = Net profit / Number of shares outstanding  
 \* PER (price-earnings ratio) = Share price (end of the period) / EPS (earnings per share)

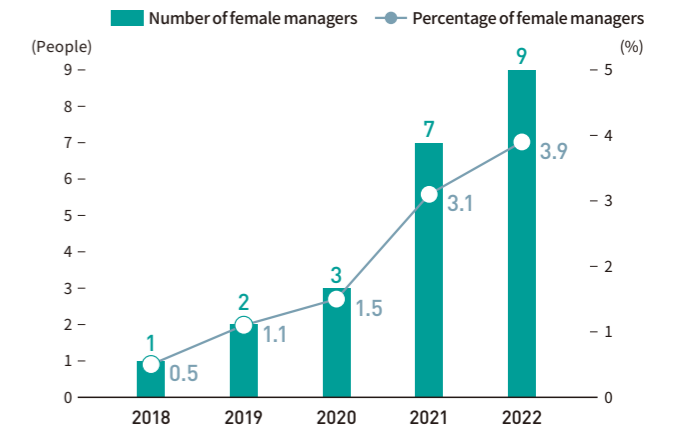
\* BPS (book value per share) = Shareholders' equity / Number of shares outstanding  
 \* PBR (price-book value ratio) = Share price (closing price at the end of the period) / BPS (book value per share)

## Non-financial

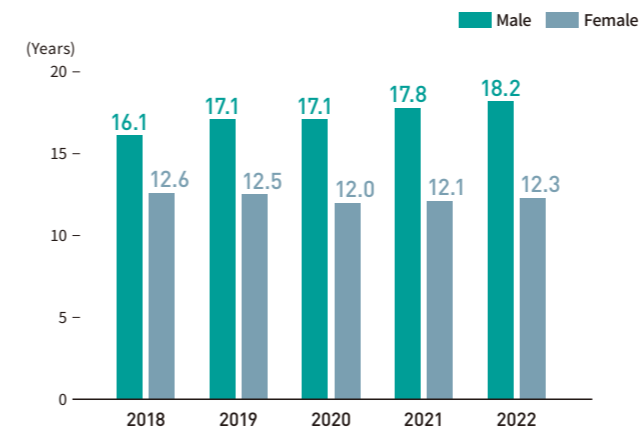
Number of employees (by gender) / Percentage of female employees



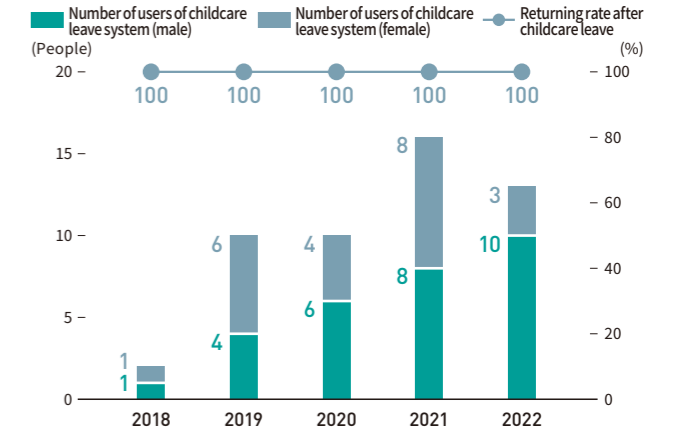
Number of female managers / Percentage of female managers



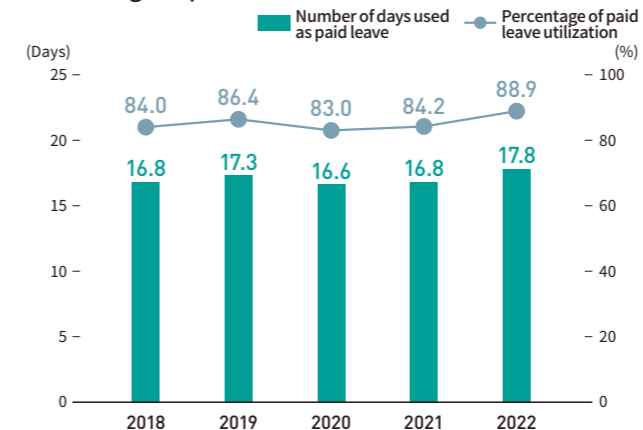
Average length of service (by gender)



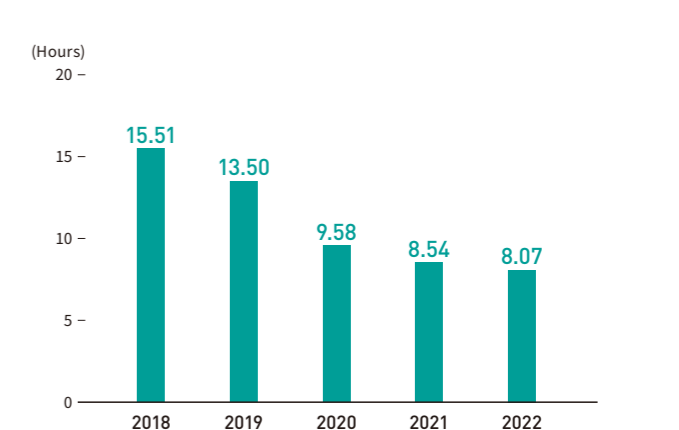
Number of users of childcare leave system (by gender) / Returning rate after childcare leave



Number of days used as paid leave / Percentage of paid leave utilization



Average overtime hours per month\*



\* As a general rule, overtime work after 8 p.m. is not allowed.

# Looking Back on Past Medium-Term Business Plans

In order to respond flexibly to changes in society and the environment, the ENEX Group has steadily grown its profits by formulating medium-term business plans every two years. In order to achieve further growth going forward, we will create value unique to the Group by responding nimbly to changes in the business environment.



- Names of Medium-Term Business Plans
- Basic Policies
- Main measures
- Quantitative plan & results
- Unfinished tasks

**Moving 2020 翔ける**

**Promoting Growth Strategies**

- Maintaining and deepening the revenue base
- Developing overseas businesses and peripheral areas
- Creating new businesses

**Evolving the Organizational Base**

- Strengthening Group management
- Human resource strategies to support growth
- Promoting innovation

- Strengthening collaboration with other industries
- Reorganization of Group companies
- Expansion of our environmental business
- Strengthening our renewable energy business
- Start of new overseas on-the-job training system

Quantitative plan & results	2019			2020		
	Plan	Results	Evaluation	Plan	Results	Evaluation
Net profit	¥11.8 billion	¥12.1 billion	○	¥11.0 billion	¥12.2 billion	○
ROE	9.0% or more	9.6%	○	9.0% or more	9.2%	○
Substantive operating cash flows*	¥20.0 billion or more	¥36.5 billion	○	¥20.0 billion or more	¥32.9 billion	○
Consolidated payout ratio	40% or more	41.2%	○	40% or more	46.4%	○
Amount of investments	—	¥22.3 billion	—	¥43.0 billion (2-year total)	¥41.0 billion (2-year total)	×

\* Substantive operating cash flows: "Operating cash flows" - "fluctuations in working capital"  
 Note: The FY2020 plan is a revised plan based on the impact of COVID-19 (ROE is excluded from the revised plan, but is listed as a reference value)

Considering the increasingly prominent environmental issues and COVID-19, which was spreading on a global scale, we realized that we needed to step up a gear and further accelerate.

**SHIFT! 2022**

**Maintaining and expanding the customer base**

- Expanding our trading area by acquiring LP gas business operators
- Strengthening the customer base by gaining electric power customers

**Deepening the environment & energy businesses**

- Expanding the implementation of renewable diesel and broadening the AdBlue® value chain
- Start of collaboration with Smart Solar Corporation, construction and operation of LNG bunkering vessels

**Cultivating next-generation human resources**

- Enhancing lateral collaboration through cross-functional approaches
- Cultivating overseas business personnel through overseas on-the-job training

Quantitative plan & results	2021			2022		
	Plan	Results	Evaluation	Plan	Results	Evaluation
Net profit	¥12.5 billion	¥13.2 billion	○	¥13.0 billion	¥13.8 billion	○
ROE	9.0% or more	9.4%	○	9.0% or more	9.3%	○
Substantive operating cash flows	¥30.0 billion or more	¥33.8 billion	○	¥30.0 billion or more	¥37.3 billion	○
Consolidated payout ratio	40% or more	41.1%	○	40% or more	40.8%	○

Investment Plan & Results	Plan (two-year total)	2021 results	2022 plan	Results (two-year total)	Evaluation
New and strategic investments	¥40.0 billion	¥12.7 billion	¥9.4 billion	¥22.1 billion	×
Capital expenditures	¥20.0 billion	¥9.5 billion	¥7.3 billion	¥16.8 billion	○

Although our goals for progress for new investments have not been achieved, the plan has been achieved in terms of profitability and efficiency by strengthening on-site capabilities. The challenge for the future is to accelerate investment.

- ENEX2030 '23-'24**
- Strengthening on-site capabilities
  - Developing a framework for making investments
  - Strengthening the organization and human resources



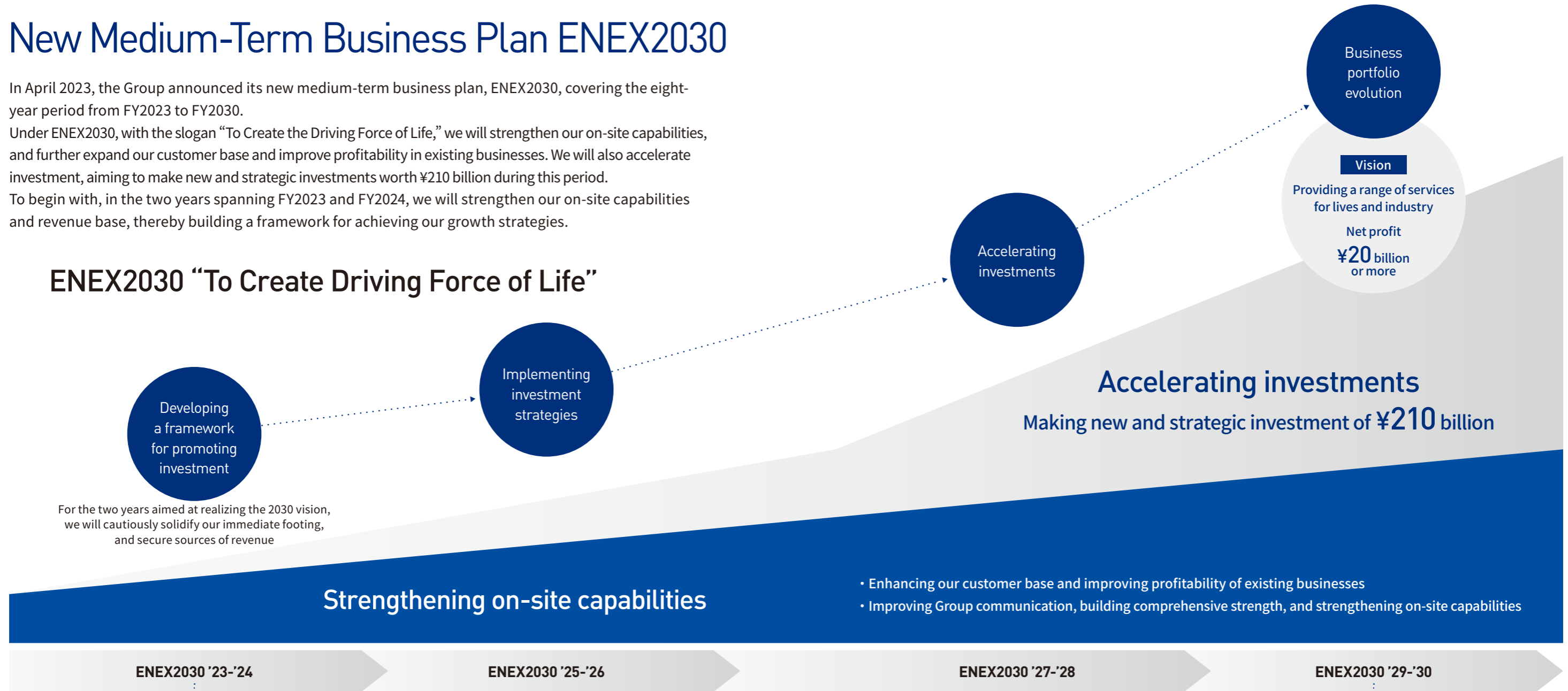
# New Medium-Term Business Plan ENEX2030

In April 2023, the Group announced its new medium-term business plan, ENEX2030, covering the eight-year period from FY2023 to FY2030.

Under ENEX2030, with the slogan “To Create the Driving Force of Life,” we will strengthen our on-site capabilities, and further expand our customer base and improve profitability in existing businesses. We will also accelerate investment, aiming to make new and strategic investments worth ¥210 billion during this period.

To begin with, in the two years spanning FY2023 and FY2024, we will strengthen our on-site capabilities and revenue base, thereby building a framework for achieving our growth strategies.

## ENEX2030 “To Create Driving Force of Life”



For the two years aimed at realizing the 2030 vision, we will cautiously solidify our immediate footing, and secure sources of revenue

### Strengthening on-site capabilities

- Enhancing our customer base and improving profitability of existing businesses
- Improving Group communication, building comprehensive strength, and strengthening on-site capabilities

ENEX2030 '23-'24

ENEX2030 '25-'26

ENEX2030 '27-'28

ENEX2030 '29-'30

### ENEX2030 '23-'24

#### Positioning

To pursue the 2030 vision, we will strengthen our on-site capabilities and revenue base, thereby building a framework for achieving our future growth strategies.

#### Major Initiatives

- 1 Strengthening on-site capabilities
- 2 Advancing a framework for making investments
- 3 Strengthening the organization and human resources

### ENEX2030 '23-'24 Management Targets

Financial indicators		Returns to shareholders
Net profit <b>¥13.5 billion</b> <small>(FY2023/FY2024)</small>	Substantive operating cash flows <b>¥35.0 billion</b> <small>each fiscal period</small>	Dividend policy <b>Progressive dividends</b>  Strong focus on consolidated dividend payout ratio of <b>40% or more</b>
Progressive dividends <b>¥60.0 billion</b> <small>(of which capital expenditures are ¥16 billion)</small>	ROE <b>8~9%</b> <small>(FY2023/FY2024)</small>	

### ENEX2030 (2030)

### ENEX2030 Management Targets

Financial indicators		Non-financial indicators	
Net profit <b>¥20.0 billion</b> <small>or more</small>	Substantive operating cash flows <b>¥45.0 billion</b>	GHG emissions <b>50% reduction or more</b> <small>(Compared with FY2018 Scopes 1 and 2)</small>	Percentage of female hires <b>30% or more</b>
ROE <b>9.0% or more</b>	New and strategic business investments <b>¥210.0 billion</b>	Percentage of female managers <b>10%</b>	Rate of childcare leave taken by male employees <b>80% or more</b>



# New Medium-Term Business Plan ENEX2030 '23-'24

In pursuit of the 2030 vision, over the two years spanning FY2023 and FY2024, we will strengthen our on-site capabilities and revenue base, and build a framework for achieving our growth strategies.

Awareness of the environment  
Market conditions

- 1 Concerns about a global economic slowdown
- 2 Concerns about rising interest rates and uncertainty in the stock market both in Japan and overseas
- 3 Rising costs due to progressive global inflation
- 4 Accelerating transformation to a carbon-neutral society
- 5 Uncertainty over energy supply and demand and price trends in the international market
- 6 Changes in market conditions and industrial structure that will lead to business opportunities

Based on our judgement that the business environment surrounding our Company is uncertain, we are focusing on solidifying our immediate footing. At the same time, we regard change as an opportunity, and are engaged in active business project discovery and development.

Positioning

To pursue the 2030 vision, we will strengthen our on-site capabilities and revenue base, thereby building a framework for achieving our future growth strategies.

## 1 Strengthening on-site capabilities

- Advancing our revenue model by bringing together the strengths of all employees and improving comprehensive strength
- Promoting delegation of authority to speed up on-site decision making
- Implementing personnel policies to evaluate on-site efforts and performance

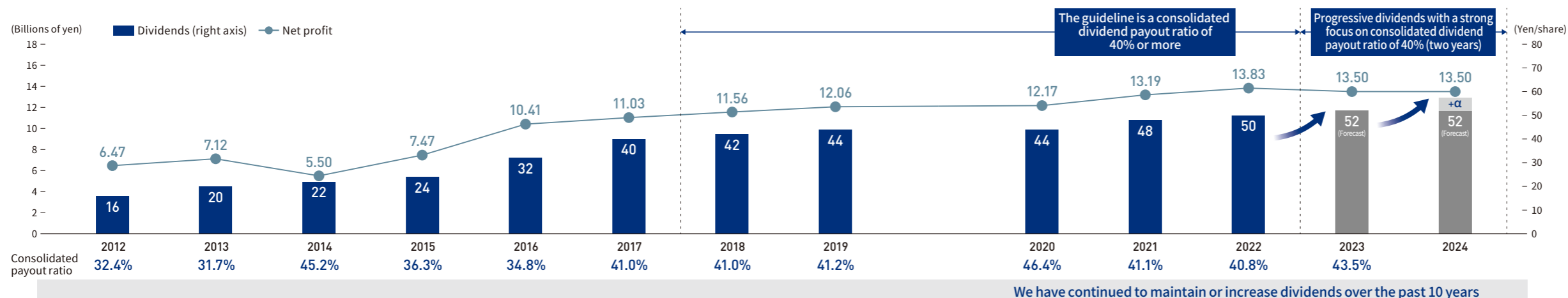
## 2 Advancing a framework for making investments

- Enhancing our ability to carry out investment projects (project analysis, composition, execution and review)
- Establishing an “Investment Strategy Department” as a professional organizational unit for executing investments

## 3 Strengthening the organization and human resources

- Developing human resources who will be able to realize growth strategies
- Implementing personnel, evaluation, and award systems to improve employee motivation
- Streamlining consolidated Group management

## Shareholder returns



**Progressive dividends**

This is a policy of keeping dividends higher than the previous fiscal year and not reducing them, regardless of business performance

More than the previous year's dividends

Note: The net profit figure of ¥6.47 billion for FY2012 is calculated based on IFRS (¥5.58 billion with Japanese standards). The Company began applying IFRS in FY2013.  
Note: In FY2020, a commemorative dividend of ¥6 was paid separately (the consolidated dividend payout ratio includes the commemorative dividend).





## We will steadily solidify our footing toward the goals of ENEX2030.

Director and Executive Officer  
Chief Financial Officer, Chief Information Officer,  
and Chief Operating Officer,  
Corporate Administration Division I  
**Yasuhiro Imazawa**

### Looking Back on the Previous medium-term management plan

In fiscal 2022, the final year of the medium-term management plan SHIFT! 2022, the industrial business saw a significant increase in profits. This absorbed the significant decrease in profits in the electric power and utility businesses due to shrinking profit margins in the electricity retail business and a backlash to the one-time unrealized gains in the previous fiscal year. Net profit reached a record high for the eighth consecutive term. As a result, we were able to achieve most of the quantitative targets set for the two-year period of the plan.

Qualitatively, we have made steady progress based on our basic policy of “maintaining and expanding bases.” The number of LP gas customers of the Group increased by 13,000 to 565,000 during the period of the current medium-term plan due to the acquisition of LP gas companies, etc., realizing expansion of the commercial area. In our electric power business, digital technology was used to increase the number of customers of the Group by 81,000 to 334,000 during the period of the medium-term management plan. In the environment and energy field, in addition to expanding the implementation of renewable diesel, we worked to

strengthen our stable supply system by growing the value chain of AdBlue®, and continued to promote the solar power generation business.

At the same time, some strategic investments that would contribute to future growth were not achieved for the second consecutive year. The inflow of overseas funds and the soaring prices of renewable energy-related assets have continued against the backdrop of the depreciation of the yen. In light of the cost of capital envisioned by the company, many businesses were deemed to be overvalued, and as a result, we were unable to proceed from the previous fiscal year with strategic investments as planned. Furthermore, it is true that our investment system was not sufficient, so we still face the issues of improving our on-site capabilities and investment systems. Based on these achievements and reflections on the previous medium-term management plan, the Group has formulated the new medium-term management plan: ENEX2030 (FY2023-FY2030).

### Background of the new medium-term management plan ENEX2030

While the Group's revenue exceeds 1 trillion yen, the net profit is 13.8 billion yen, indicating that the structure of

the Group is such that it is still centered on trade-based businesses. Our financial position continues to be sound, and despite receiving a very high credit rating from Japan Credit Rating Agency, Ltd. (long-term issuer rating: AA-, domestic CP rating: J-1+), we are unable to use that rating to take advantage of financial leverage. As a result, capital has accumulated, and in recent years, our net DER has been negative and our PBR has been below 1. We recognize that effectively utilizing this situation for strategic investment and shareholder returns as well as raising capital efficiency are issues for the Group.

To date, we have diversified our business portfolio by investing the cash generated stably by our core businesses, centered on the home-life business and the car-life business, in areas such as electric power and mobility. In the electric power business, having a variety of procurement sources, including procurement from major electric power companies in addition to in-house power generation, has ensured the stability of supply and earnings even though many new business operators have withdrawn due to soaring energy prices, and is one of our strengths.

On the other hand, many of the Group's businesses involve fossil fuels, and because it is expected that these energy sources will be reduced as part of efforts to solve the climate change problem, we must create new businesses through strategic investments. However, since such investments take a certain amount of time to produce results, we felt that it was necessary to indicate our long-term direction in order to gain the understanding of our shareholders and investors. Therefore, in the previous medium-term management plans, the plan period was set to two years, and the basic policy was to set targets that could be reliably achieved, but it was decided that ENEX2030 would present an eight-year, medium- to long-term roadmap extending to FY2030. Backcasting from the medium- to long-term goals, we have divided the plan into steps of two-year intervals and clarified the scenarios. Each step will continue to aim to reliably achieve management targets.

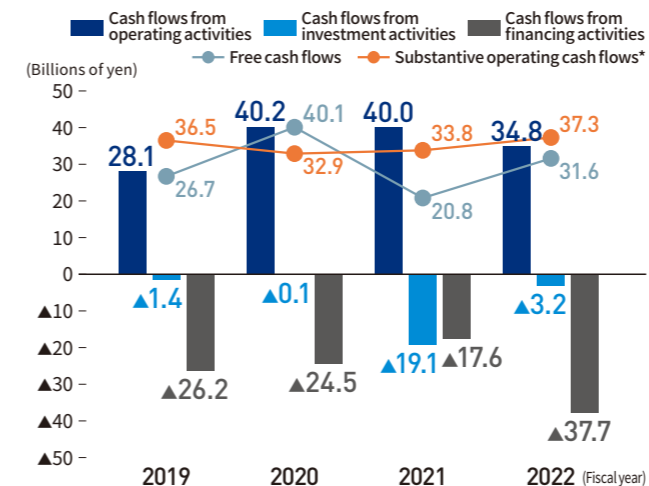
### Quantitative targets and a roadmap

Under ENEX2030, we aim to create even more diverse energy services in areas where we can effectively utilize the knowledge and assets of our existing businesses. In particular, as we have the theme of “creating the driving force of life,” we plan to expand our area from B2B to B2C, as it puts us closer to our individual customers, utilizing DX. Through the evolution of such business models, we aim to achieve a net profit of 20 billion yen or more, substantive operating cash flow of 45 billion yen, and ROE of 9.0% or more as management targets for fiscal 2030. To achieve this, we plan to invest 210 billion yen or more in new strategic investments over eight years.

The first two years of ENEX2030 (2023-24) will be positioned as a stage to solidify the foundations for 2030, and as such we will promote the “enhancement of on-site capabilities,” the “evolution of the investment system,” and the “strengthening of the organization and human resources.” The next two steps (FY2025-26 and FY2027-28) are positioned as the “implementation of investment strategy” stage and the “investment acceleration stage,” but the specific policies are intentionally not specified.

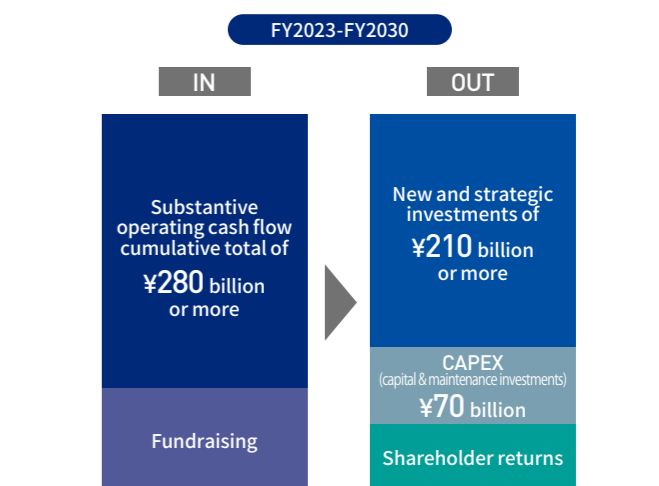
Decarbonization is an irreversible trend, but amid growing geopolitical risks, it is necessary to carefully consider the path to reducing demand for fossil fuels from the perspective of energy security. As for alternative energy sources, numerous variables such as policy, technology, and geopolitical factors are involved, making it difficult to foresee which renewable energies will become mainstream, whether it is hydrogen, ammonia, or other sources. With such an extremely uncertain future, if we invest too much capital in a specific business, we will incur a large loss if and when we are forced to correct the trajectory. Our company does not adhere to fixed strategies. Instead, it creates businesses flexibly according to circumstances. Being a downstream energy trading company that can freely choose what sales channels and

### Cash flows

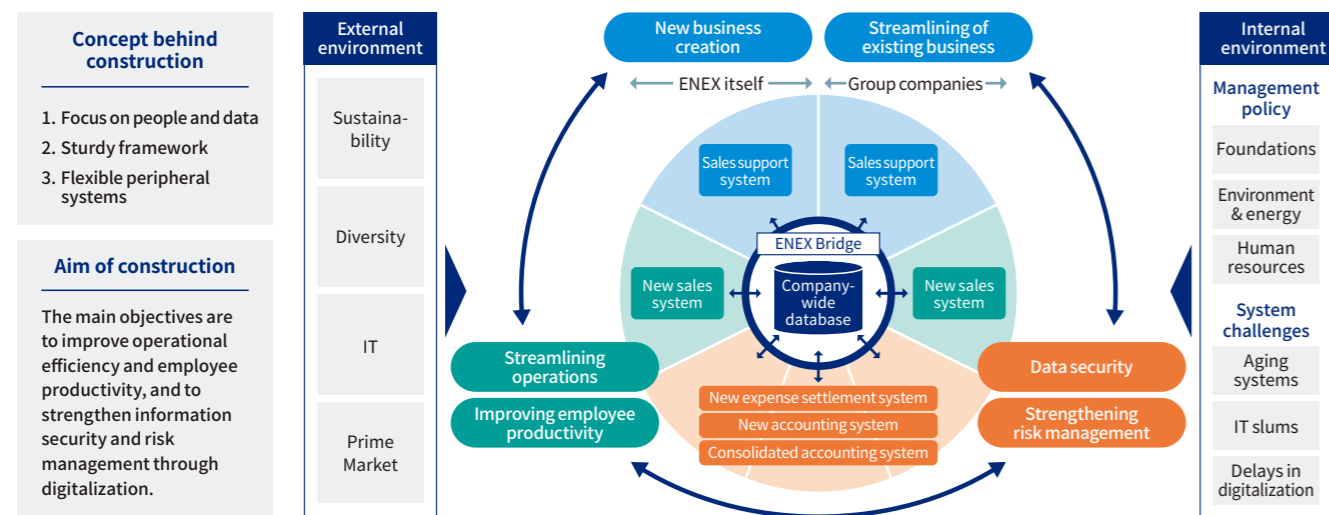


\*Substantive operating cash flows: [Cash flows from operating activities] - [Fluctuation in working capital, etc.]

### Cash allocation



Next-generation core system



merchandise to sell, this is our optimal strategy and why we do not detail our policies.

Basic policy of ENEX2030 '23-'24

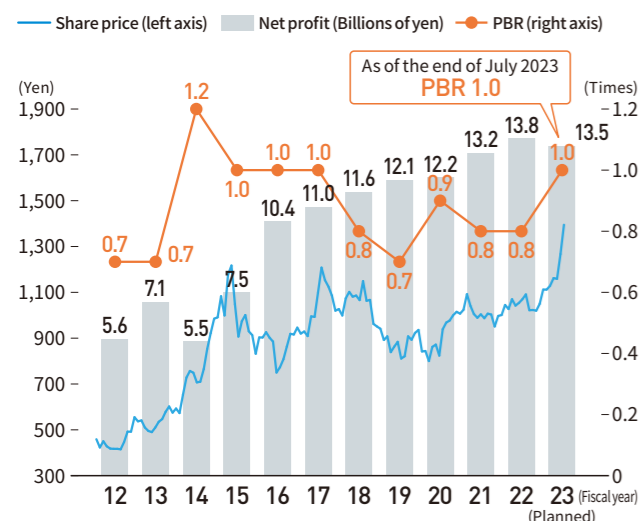
ENEX2030 '23-'24 is positioned as a two-year period to first solidify the foothold for the vision of 2030, so the management targets are not based on the assumption that they will exceed those of the previous medium-term management plan, and are set at figures that can be achieved with a high degree of certainty. Of course, we aim to exceed these targets. Over the next two years, we plan to invest 60 billion yen, including 16 billion yen in CAPEX (capital expenditure), out of the 35 billion yen in substantive operating cash flow generated each fiscal year.

Looking ahead to the next stage and beyond, as we

build a foundation for the purpose of improving our on-site capabilities, one thing we are devoting resources to is the creation of a foundation of a system for investments. Under the newly established Investment Strategy Department from fiscal 2023, we aim to develop investment professionals and have them practice. In addition, regardless of whether they are in a sales department or a managing department, we have started training in investment courses held in-house by inviting outside lecturers for highly-motivated employees, and we plan to train and increase the number of investment specialist employees to around 10% in fiscal 2023. By strengthening company-wide investment literacy in this way, we will invest in large-scale projects at the head office, while delegating authority for small-scale projects and establishing a system that allows these investments to be executed on-site. However, delegation of authority and risk management are two sides of the same coin, and we will strengthen our risk management system so that we can respond to the diversification of risks associated with the creation of new businesses.

DX will be an important theme in strengthening of on-site capabilities. In July 2023, as the first phase, the next-generation core system used as a common platform by 24 major group companies was successfully migrated to the cloud. We will also build a sales and customer management platform for the entire Group going forward, and in January 2025, we plan to begin operations of the sales support system and robust data system as part of the second phase. In the process of shifting our focus to B2C, this system promotes the efficiency of sales activities, discovers business opportunities from the consumer's perspective through data sharing between businesses. We expect that it will also be useful for the development of new services for consumers via the utilization of data. In addition to this system, we will enhance the comprehensive strength of the entire Group by supporting

Share price/net profit/PBR



Group companies through business infrastructures such as Group finance and risk management functions. At the same time, we intend to proceed without hesitation in exiting inefficient assets that remain below the cost of capital, and to improve the efficiency of our whole portfolio in conjunction with various measures.

While building a foundation for improving profitability over the medium term, at the same time we hope to improve capital efficiency by bolstering shareholder returns. We have continued to increase our dividends over the past decade. For the past five years, we have aimed for a consolidated dividend payout ratio of 40% or more. During ENEX2030 '23-'24, we remain highly conscious of the consolidated dividend payout ratio of 40% or more, and have adopted a new policy of implementing a "progressive dividend" in which the amount of the dividend will either maintained or increased, but not be reduced, regardless of the performance in individual fiscal years.

Meeting the expectations of stakeholders

We recognize that ESG-related initiatives are just as important as financial matters in achieving the goals of ENEX2030. In particular, in our global warming measures, which will have a major impact on the sustainability of the Group, we have set a target of reducing Scope 1/Scope 2 GHG emissions by 50% compared to fiscal 2018 levels by 2030. Just like our financial targets, we have set targets that we can achieve. We would like to steadily implement this through the utilization of alternative fuels and renewable

energy. As for Scope 3, we will continue to make slow but steady efforts through cooperation with our stakeholders, including those in our supply chain. In addition, the Group has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). We will identify the risks and opportunities that climate change poses to our business activities, disclose scenario analyses, and make efforts to strategically address climate change. Going forward, we will continue to conduct reviews and promote appropriate disclosures.

Promoting women's empowerment will be an extremely important theme for the Group as it develops businesses in the B2C realm. The target of 10% female managers by fiscal 2030 may seem low at first glance, but it is an achievable figure calculated based on the ratio since FY2010 when we started full-scale recruitment of new female graduates. Although we are already aiming for a 50% female employment rate, we have set a target of more than 30% after accounting for the retention rate. These are conservative figures that can be achieved with a high degree of reliability after forecasting the medium-term demographics within the company, and the policy is to further increase them in FY2030 and beyond.

In this chaotic business environment, rather than surrendering itself to major trends, the Group will respond flexibly according to the situation, and meet the expectations of shareholders, investors, business partners, and society. While doing so, we will make steady progress toward the goals of ENEX2030. I would like to ask all our stakeholders for their continued support.

