

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

Financial Results(FY2021)

May 13, 2022

Note

We pay close attention to the content of the material, but the Company and information providers will not be liable for any damage caused by errors in the information posted or damage suffered based on the information posted in this material.

The current plans and strategies of the Company posted in this material are forecasts prepared by the Company based on information currently available, and these future forecasts include risks and uncertainties. Accordingly, the actual results may differ materially from the forecasts posted. Please note that the Company does not guarantee the certainty of these forecasts.

- Unless otherwise noted, all the numerical values in this material are based on the International Financial Reporting Standards (IFRS).
- In this material, the notation has been replaced as follows.
“Profit from operating activities” ⇒ “Operating profit”
“Net profit attributable to Itochu Enex’s shareholders” ⇒ “Net profit”

Results Highlights

Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

- **Net profit** increased 1 billion yen to **13.2 billion yen**, up 8.4% year on year.
- Profit increased mainly due to the impact of inventory valuation factors associated with higher LP gas import prices and valuation gains from making mega solar power plants subsidiaries of the Company, despite the absence of temporary revenue from operations that captured crude oil price fluctuations in the previous fiscal year, and profit for the fiscal year under review reached a **record high** for the seventh consecutive year.

Net sales

936.5 billion yen (+26.7% year on year)

Operating profit

20.9 billion yen (+8.2% year on year)

Gross profit

83.6 billion yen (-3.8% year on year)

Net profit

13.2 billion yen (+8.4% year on year)

1. **Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022**
 - (1) Overview of the Entire Company
 - (2) Overview by Segment
 2. **Progress on Medium-Term Business Plan**
 3. **By Segment/FY2022 Management Policy**
 4. **Initiatives for New Businesses**
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Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(1) Overview of the Entire Company

Summary of Financial Results for FY2021

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

(100 million yen)	FY2020 Results	FY2021 Results	Changes
Net sales	7,391	9,365	+1,975
Gross profit	869	836	-33
Selling, general and administrative expenses	-671	-681	-10
Operating profit	193	209	16
Share of profit (loss) of investments accounted for using the equity method	17	24	+7
Net profit	122	132	+10
Ratio of SG&A expenses to gross profit	77.2%	81.4%	+4.2pt
Dividends (yen/share)	50	48	-2
Ordinary dividends	44	48	+4
Commemorative dividends	6	—	—

□ Net profit increased 1 billion yen to 13.2 billion yen, up 8.4% year on year.

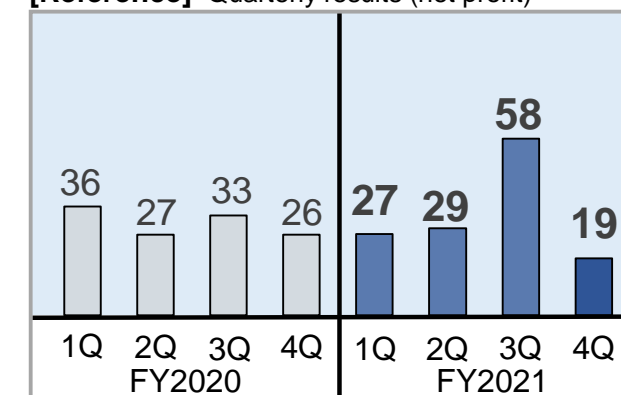
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□ The annual dividend is expected to rise 4.00 yen from that for the previous year, to an ordinary dividend of 48 yen per share, excluding a commemorative dividend of 6.00 yen per share.

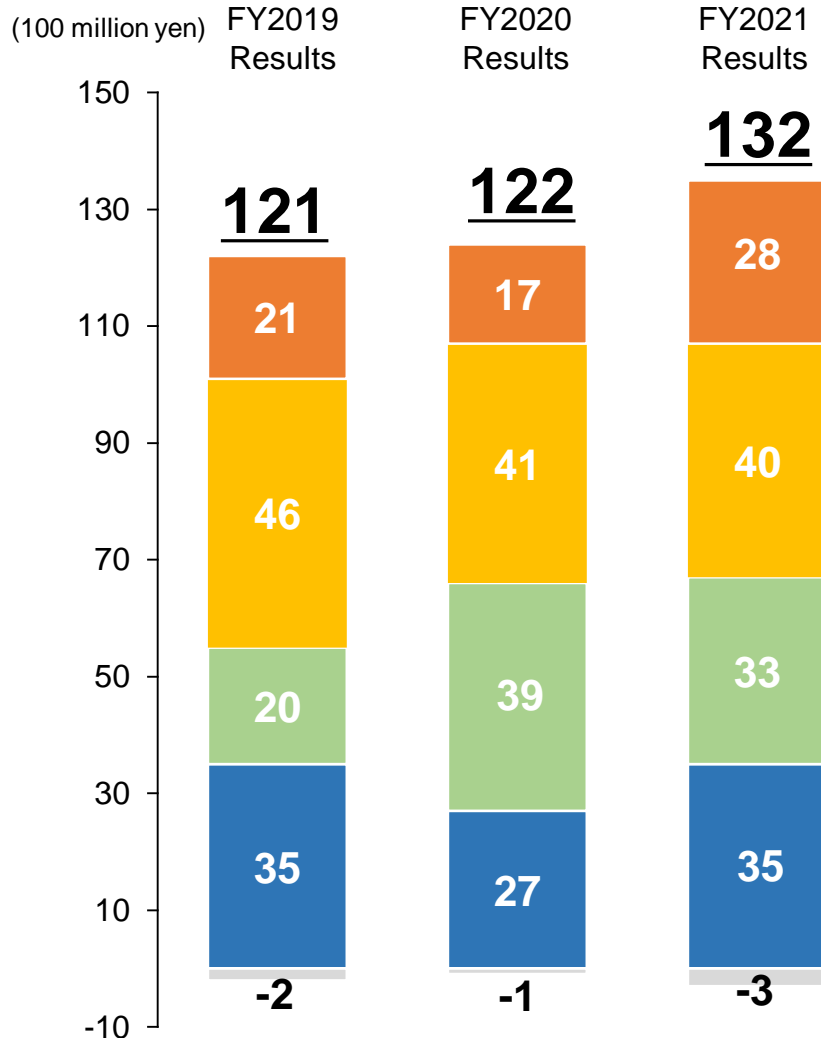
FY2021 Plan	Achievement rate
9,000*	104%
205	102%
125	106%

* The full-year consolidated earnings forecast for net sales was revised to 900 billion yen from an initial forecast of 800 billion yen on January 31, 2022.

[Reference] Quarterly results (net profit)



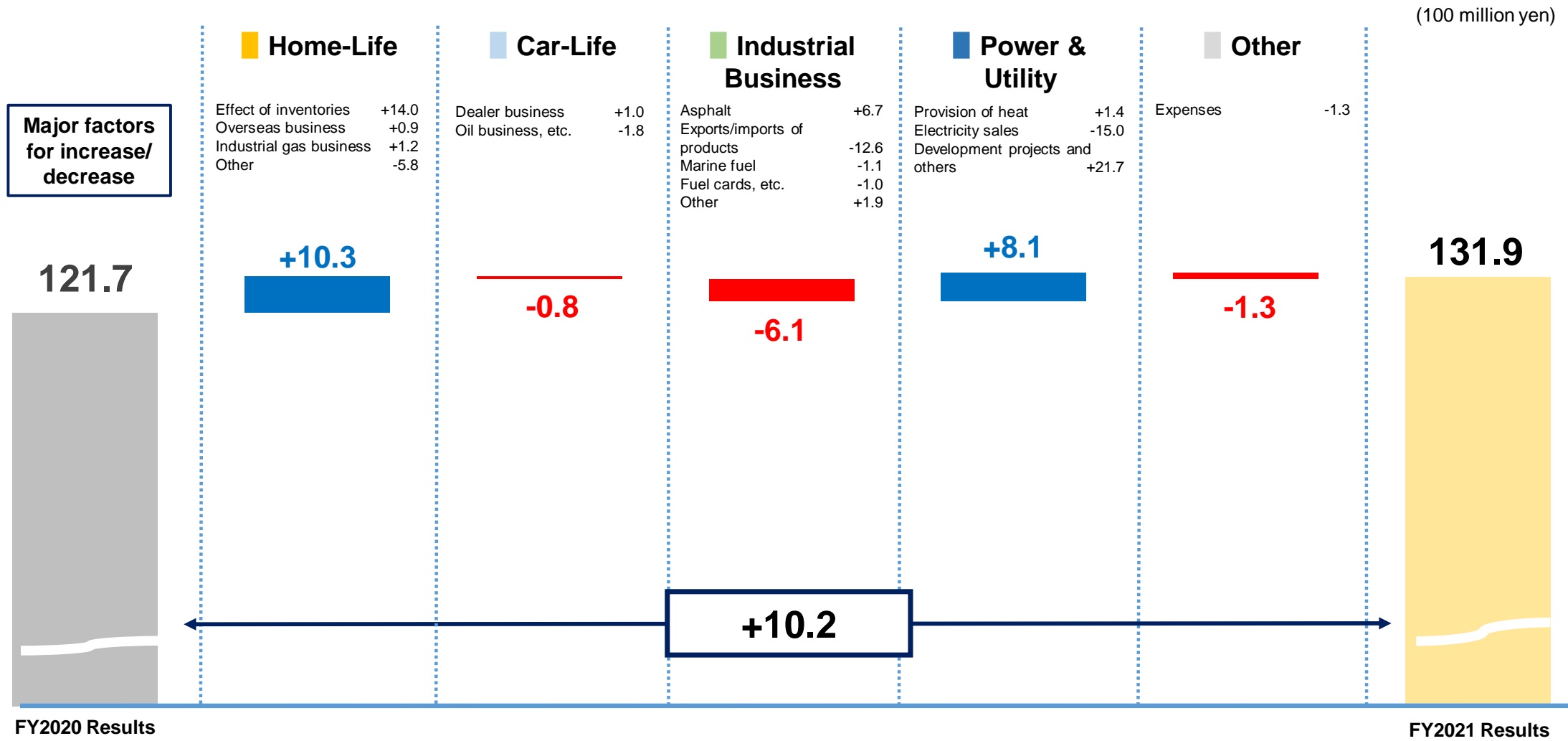
Net Profit by Segment



Major factors for increase/ decrease

- Home-Life (YoY: +¥1,000 million, Percent of the plan achieved: 110%)**
 Profit increased chiefly due to a recovery in the industrial gas business, reflecting the resumption of normal economic activity and the effect of inventories given a rise in import prices of LP gas.
- Car-Life (YoY: -¥100 million, Percent of the plan achieved: 105%)**
 Profit remained at the level of the previous year overall, given the significant effect of a decrease in retail margins in the CS business, despite a rise in profitability per unit in the car dealer business.
- Industrial Business (YoY: -¥600 million, Percent of the plan achieved: 125%)**
 Profit decreased, as an increase in profit in the asphalt business was offset by the absence of the temporary earnings from operations in response to fluctuations in crude oil prices as well as financial income in the previous fiscal year.
- Power & Utility (YoY: +¥800 million, Percent of the plan achieved: 89%)**
 Profit increased due to valuation gains from making mega solar power plants subsidiaries of the Company, despite narrower electricity retail margins due to higher procurement prices caused by surging resource prices.

Analysis of Net Profit by Segment

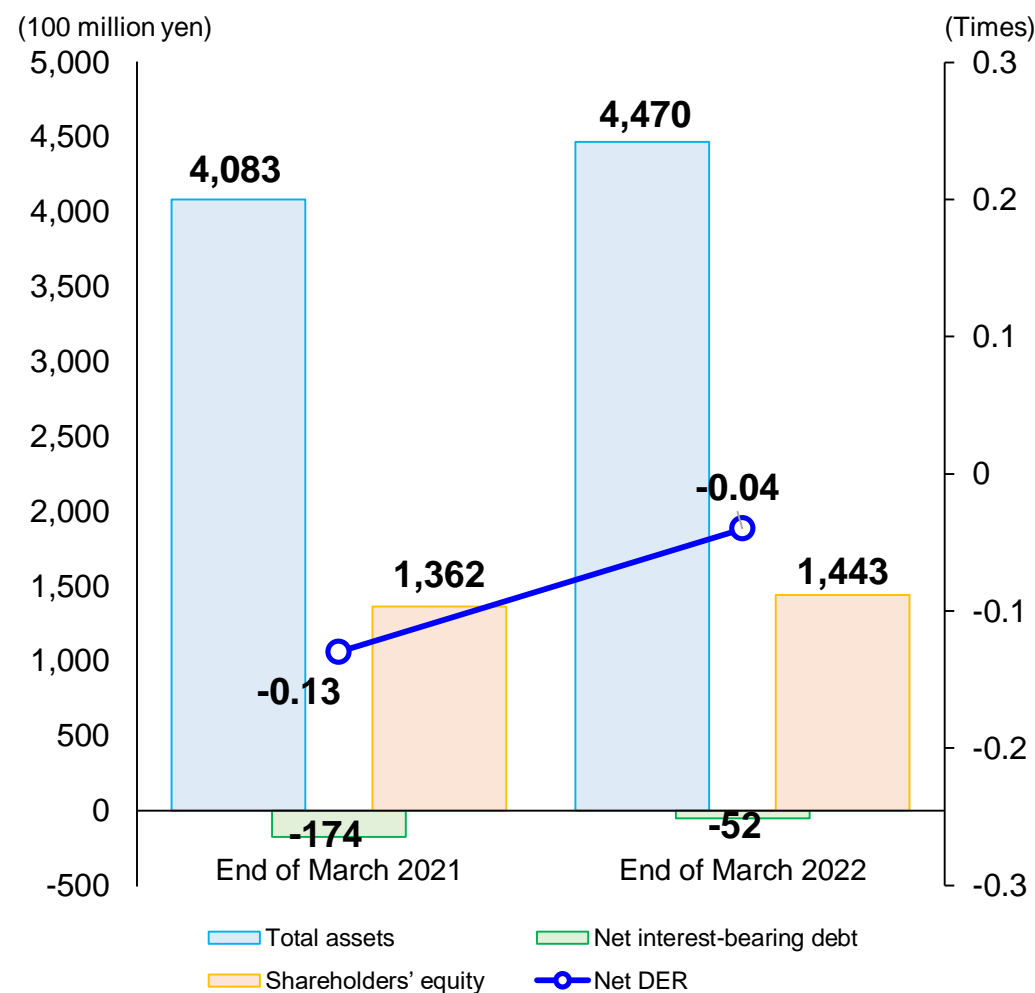


Financial Position

Assets increased as a result of making mega solar power plants the Company's subsidiaries

- Total assets:** Increased 38.7 billion yen from the end of the previous year, to **447.0 billion yen**, reflecting increases in trade receivables/trade payables associated with an increase assets, the result of making solar power plants the Company's subsidiaries and a rise in crude oil and CP prices, among other factors.
- Shareholders' equity:** Increased 8.1 billion yen, to **144.3 billion yen**, mainly reflecting a rise in net profit.
- Net DER:** Net DER increased due to a rise in loans payable.

(100 million yen)	End of March 2021 Results	End of March 2022 Results	Changes
Total assets	4,083	4,470	+387
Net interest-bearing debt	-174	-52	+122
Shareholders' equity	1,362	1,443	+81
Ratio of shareholders' equity to net assets	33.4%	32.3%	-1.1pt
Net DER	-0.13	-0.04	+0.09



Cash Flows



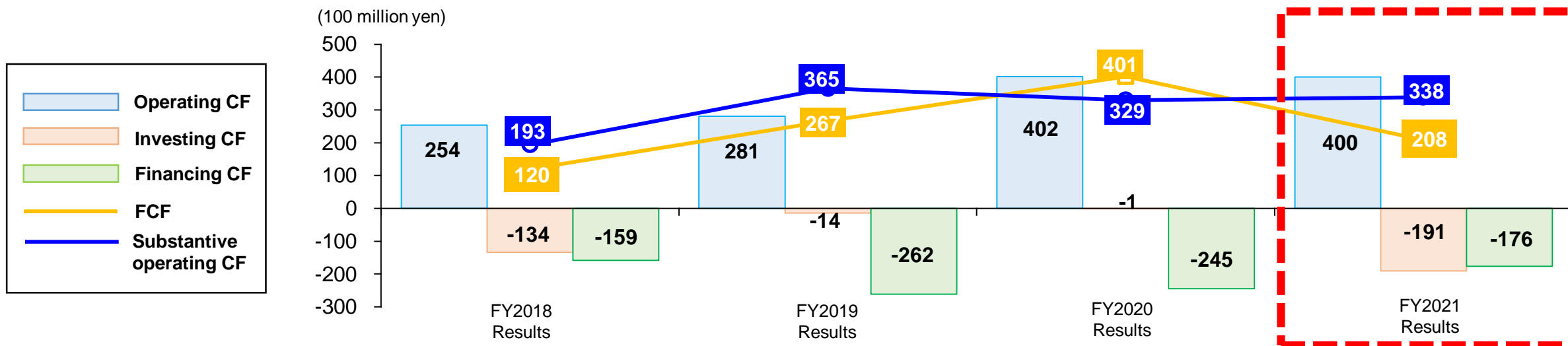
Continued to create ample cash flows from operating activities, and cash outflows due to investment in growth increased

(100 million yen)	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Cash flows from operating activities	254	281	402	400
Cash flows from investing activities	-134	-14	-1	-191
(Free cash flows)	120	267	401	208
Cash flows from financing activities	-159	-262	-245	-176

Substantive cash flows

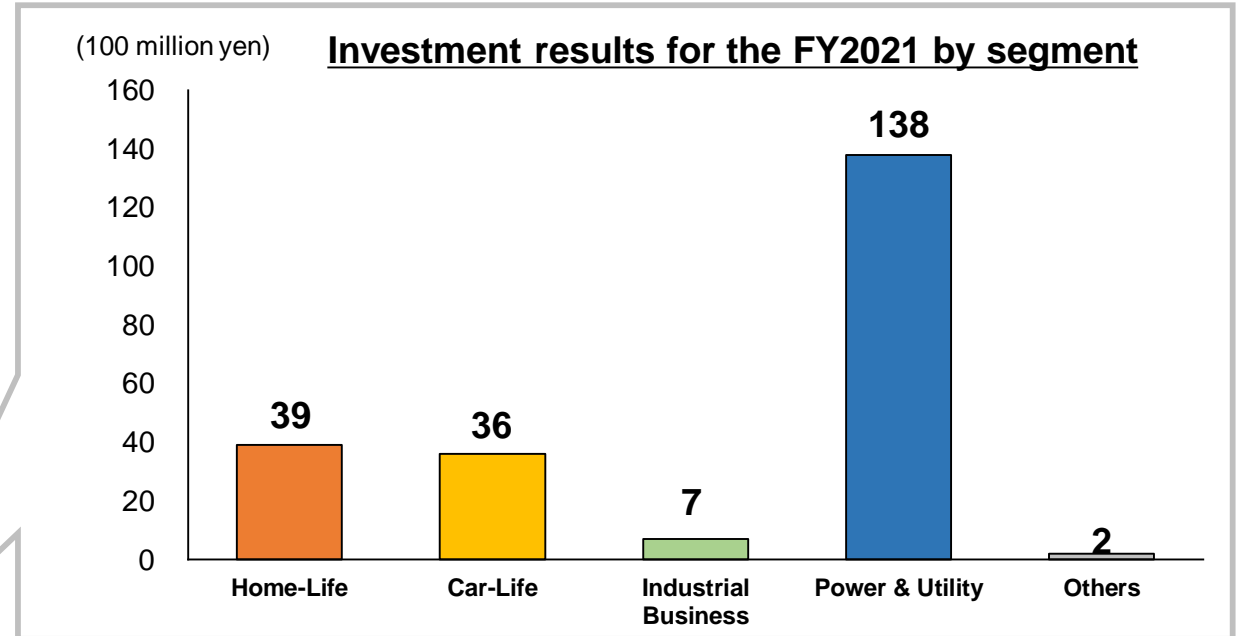
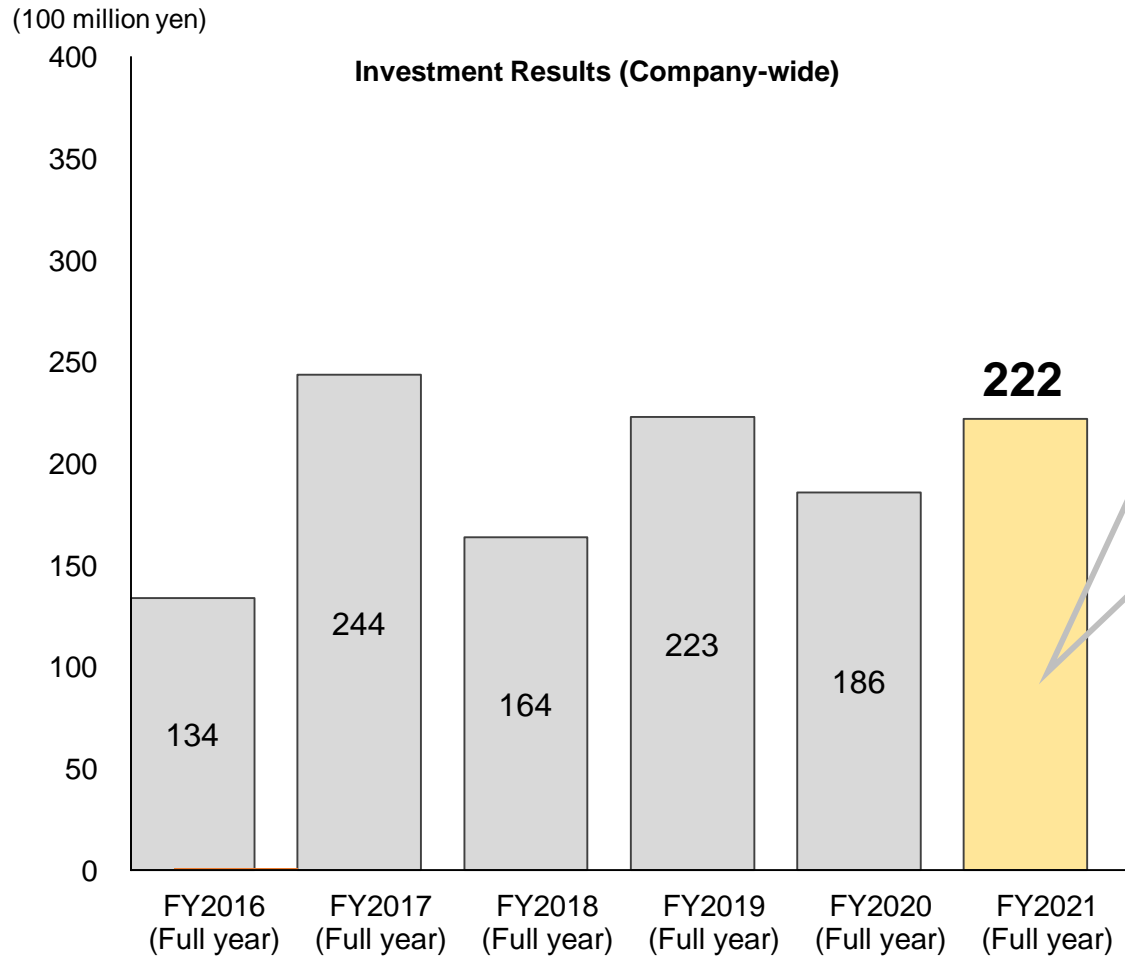
Substantive operating cash flows (*)	193	365	329	338
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(*) Operating CF – Increase/decrease in working capital



Investment Trends

Acquired full equity interests in mega solar equity-method affiliates in the Power & Utility business



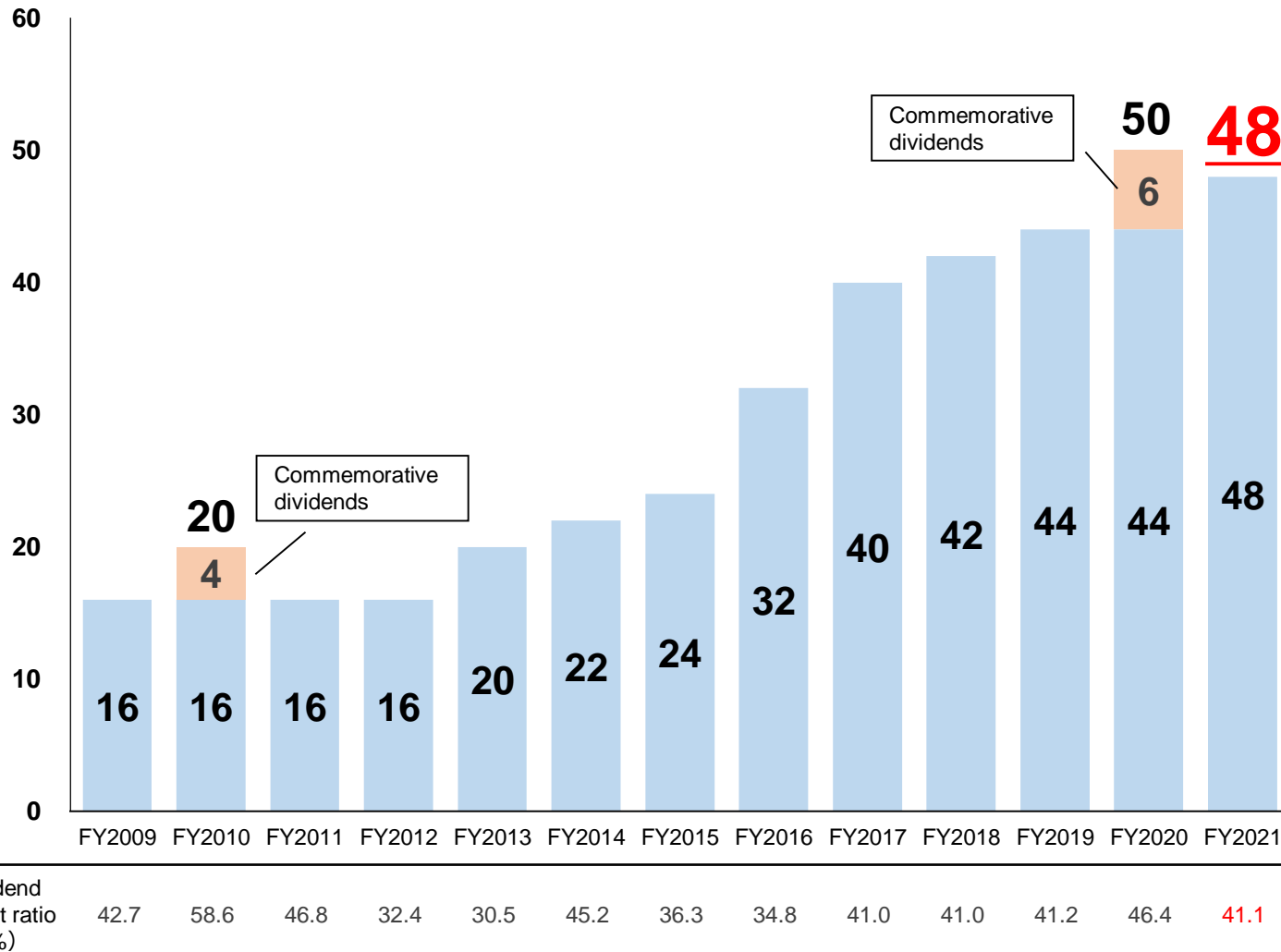
Major investment results

Home-Life	Acquisition of business rights, renovation of LPG filling stations, LPWA, etc.
Car-Life	Renovation of CS, renovation of dealer stores, etc.
Industrial Business	Saitama AdBlue plant, renovation of petroleum terminals, etc.
Power & Utility	Development-related, renovation of heat supply facilities, renovation of power plants, etc.
Common	Digitization-related, etc.

FY2021 Shareholder Returns



The Company plans to pay a year-end dividend of 25 yen per share, making an annual dividend of 48 yen per share.



Dividend policy

Continue stable payment

Consolidated dividend payout ratio

40% or more

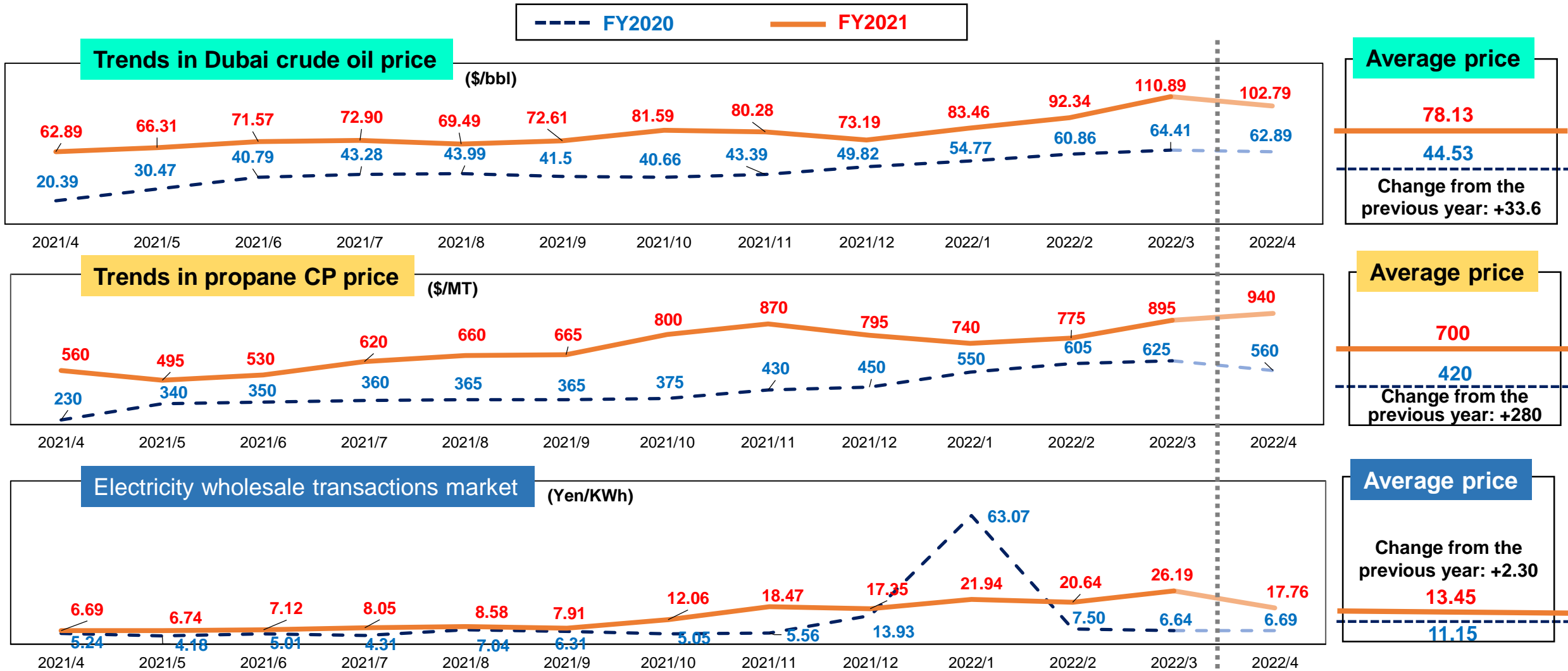
Providing shareholder returns stably under the dividend policy of ensuring the dividend payout ratio at 40% or more

For FY2021, the annual dividend is expected to be 48 yen per share

(Increase of 4.00 yen in an ordinary dividend per share from that for the previous year excluding a commemorative dividend of 6.00 yen per share)

(Reference) Market Trends

Crude oil and CP prices have been on the rise since they bottomed out in April of the previous year



Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(2) Overview by Segment

Results by Segment

(100 million yen)		FY2020 Results	FY2021 Results	Changes	Rate of change %	FY2021 Plan	Achievement rate
Company-wide	Net sales	7,391	9,363	+1,972	+26.7	9,000*	104%
	Operating profit	193	209	+16	+8.2	205	102%
	Net profit	122	132	+10	+8.4	125	106%
Home-Life	Net sales	790	940	+150	+19.0	—	—
	Operating profit	16	26	+11	+69.7	—	—
	Net profit	17	28	+10	+59.8	25	110%
Car-Life	Net sales	4,146	5,167	+1,020	+24.6	—	—
	Operating profit	76	77	+1	+0.7	—	—
	Net profit	41	40	-1	-2.0	38	105%
Industrial Business	Net sales	1,608	2,245	+637	+39.6	—	—
	Operating profit	50	47	-3	-6.7	—	—
	Net profit	39	32	-6	-15.7	26	125%
Power & Utility	Net sales	847	1,011	+164	+19.4	—	—
	Operating profit	52	62	+10	+18.4	—	—
	Net profit	27	35	+8	+30.5	39	89%

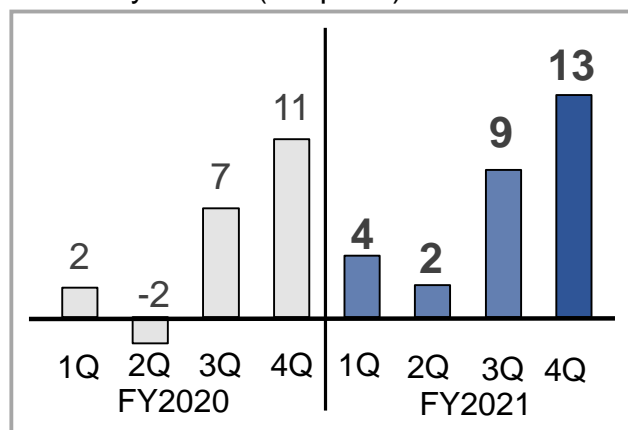
* The full-year consolidated earnings forecast for net sales was revised to 900 billion yen from an initial forecast of 800 billion yen on January 31, 2022.

Home-Life

Profit increased due to the effect of inventories reflecting rising LP gas import prices.

(100 million yen)	FY2020 Results	FY2021 Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	204	217	+13	The number of customers under direct contract rose 5,000 from the end of the previous fiscal year, to approx. 557,000. For LP gas sales volume, demand for gas for business and industrial use was recovering. The overall sales volume slightly decreased from the year-ago level, reflecting decreases in wholesale sales and sales of gas for automobile use. Profit increased chiefly due to a recovery in the industrial gas business, reflecting the resumption of normal economic activity and the effect of inventories given a rise in import prices of LP gas.		
Selling, general and administrative expenses	-188	-192	-4			
Operating profit	16	26	+11			
Share of profit (loss) of investments accounted for using the equity method	14	20	+6			
Net profit	17	28	+10			25

Quarterly results (net profit)



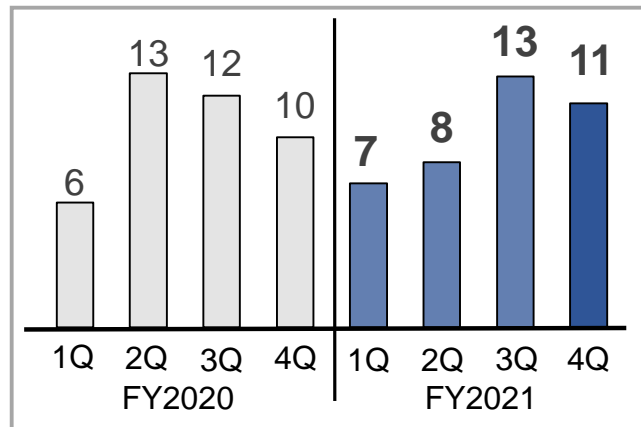
Profit (loss) of major affiliates	FY2020 Results	FY2021 Results	Changes	Number of customers (1,000)	End of March 2021	End of March 2022	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	5	7	+2	Number of customers under direct LP gas supply contracts	552	557	+5
ECORE (The Company's equity 51%)	7	8	+1	Number of customers for electricity retail	109	118	+9
ENEARC (The Company's equity 50%)	7	9	+1	Sales volumes	FY2020 Cumulative results	FY2021 Cumulative results	Changes
				LP gas (thousand tons)	487	474	-3%
				Industrial gas (thousand tons)	65	67	+2%

Car-Life

Profit remained at the level of the previous year due to a decrease in oil retail margins, although the strong performance of the car dealer business contributed.

(100 million yen)	FY2020 Results	FY2021 Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	468	464	-4	The number of filling stations decreased by 51 from the end of the previous fiscal year to 1,636. The sales volume of kerosene fell year on year, while demand for gasoline and diesel oil increased chiefly due to the resumption of normal economic activity. The overall sales volume of oil products slightly increased year on year. The number of new cars sold decreased year on year due to the spread of COVID-19 and effect of semiconductor shortages. Profit remained at the level of the previous year overall, given the significant effect of a decrease in retail margins in the CS business, despite a rise in profitability per unit in the car dealer business.		
Selling, general and administrative expenses	-392	-387	+4			
Operating profit	76	77	+1			
Share of profit (loss) of investments accounted for using the equity method	1	1	+0			
Net profit	41	40	-1			38

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2020 Results	FY2021 Results	Changes
ENEX FLEET	20	16	-4
Osaka Car Life Group (The Company's equity 51.95%)	8	9	+1

Sales volumes	FY2020 Results	FY2021 Results	Changes
Gasoline (thousand KL)	1,668	1,686	+1%
Kerosene (thousand KL)	373	353	-6%
Diesel oil (thousand KL)	2,010	2,070	+3%
New cars (thousand units)	25	25	-0%
Used cars (thousand units)	22	20	-7%

Industrial Business

Profit decreased year on year due to the absence of temporary earnings, etc., but the asphalt business recovered.

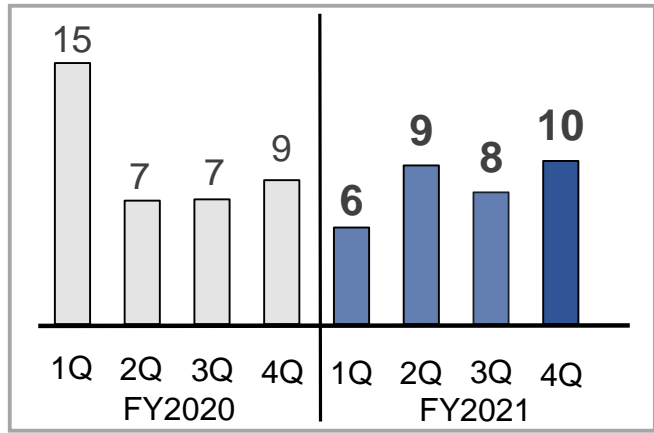
(100 million yen)	FY2020 Results	FY2021 Results	Changes
Gross profit	94	84	-10
Selling, general and administrative expenses	-41	-48	-7
Operating profit	50	47	-3
Share of profit (loss) of investments accounted for using the equity method	1	0	-1
Net profit	39	32	-6

Major factors for increase/ decrease

The sales volume in the asphalt business decreased year on year due to comprehensive measures to ensure profitable sales. Sales volume in the marine fuel business was also down year on year, as the supply of fuel for inland vessels for new routes of existing customers was offset by a decrease in the supply of fuel for ocean going vessels. The sales volume of corporate fleet refueling cards increased year on year, reflecting activities to find new customers. Profit decreased, as an increase in profit in the asphalt business was offset by the absence of the temporary earnings from operations in response to fluctuations in crude oil prices as well as financial income in the previous fiscal year.

FY2021 Plan	Achievement rate
26	125%

Quarterly results (net profit)



Sales volumes	FY2020 Results	FY2021 Results	Changes
Gasoline (thousand KL)	702	808	+15%
Kerosene (thousand KL)	525	512	-2%
Diesel oil (thousand KL)	1,146	1,205	+5%
Heavy fuel oil (thousand KL)	2,241	1,864	-17%
Asphalt (thousand tons)	309	294	-5%

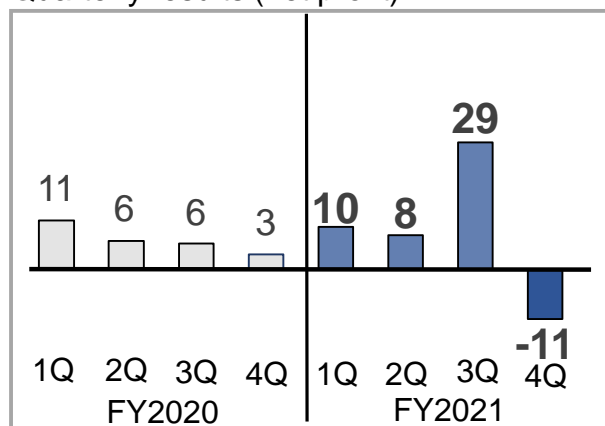
Power & Utility Division

Profit increased due to valuation gains from making mega solar power plants the Company's subsidiaries, despite a decline in electricity retail margins.



(100 million yen)	FY2020 Results	FY2021 Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	103	71	-32	Among electricity retail sales, high-voltage power sales volume increased year on year due to the winning of large projects. Low-voltage power sales volume increased year on year with a rise in the number of contracts, mainly for household use. Demand in the heat provision business slightly declined year on year due to a far lower average temperature in the summer than the year-ago level. Profit increased due to valuation gains from making mega solar power plants subsidiaries of the Company, despite narrower electricity retail margins due to higher procurement prices caused by surging resource prices.		
Selling, general and administrative expenses	-50	-51	-1			
Operating profit	52	62	+10			
Share of profit (loss) of investments accounted for using the equity method	2	3	+1			
Net profit	27	35	+8			39

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2020 Results	FY2021 Cumulative results	Changes
ENEX Electric Power Group	12	5	-8
ENEX LIFE SERVICE	4	3	-2
Tokyo Toshi Service Company (The Company's equity 66.6%)	6	7	+2
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	7	5	-3

Sales volumes	FY2020 Results	FY2021 Results	Changes	
Electricity Retail (GWh)*	2,191	2,472	+13%	
Breakdown	Sales of high voltages	1,560	1,781	+14%
	Sales of low voltages	631	691	+10%
Steam (thousand tons)	536	475	-11%	
Heat quantity (TJ)	1,249	1,229	-2%	

* Electricity retail, which has been calculated based on preliminary data, includes agency quantity.
* Actual sales volumes for FY2021, which have been recalculated, are different from those in the previous year's supplementary presentation materials.

2. Progress on Medium-Term Business Plan

Medium-Term Business Plan, SHIFT! 2022

■ Period: Two years from April 2021 to March 2023



Quantitative Plan

Target Consolidated Results

	FY2021	FY2022
Net profit	<u>¥12.5 billion</u>	<u>¥13.0 billion</u>
ROE	<u>9.0% or more</u>	<u>9.0% or more</u>

Management Indicators (FY2021-FY2022)

Consolidated dividend payout ratio	<u>40% or more</u>
Substantive operating CF	<u>¥30.0 billion</u> each fiscal period
Investment (2-year total)	<u>¥60.0 billion</u>

Basic Policy

Maintaining and expanding bases

- Further enhancement of domestic sale network and customer base
- Active promotion of B-to-C business utilizing digital transformation
- Strengthening of overseas business development with a focus on Asia

Deepening the environment & energy businesses

- Forays into untapped areas with environmental products, electricity and various other forms of energy
- Further expansion of the electric power business from generation to selling, especially with renewable energy
- Enhancing environmental technical capabilities and expand offerings of low-carbon and decarbonized products

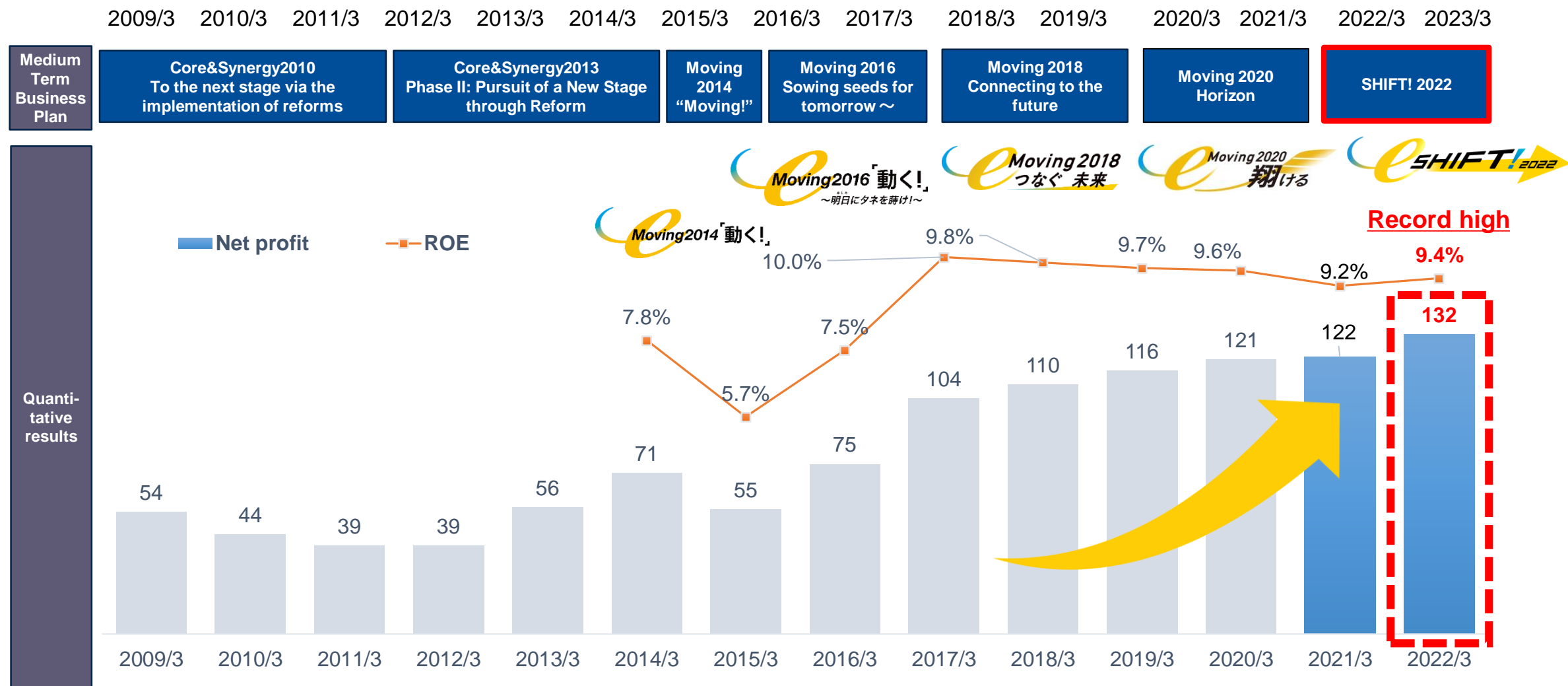
Cultivating next-generation human resources

- Cultivating multi-talented human resources who will flourish in Japan and overseas
- Promoting diversity and fostering a diverse range of values

Quantitative Plan/Progress Status

	Plan	Results	
Net profit	¥12.5 billion	¥13.2 billion	Achieved the plan (Record high profit for the seventh consecutive year)
ROE	9.0% or more	9.4%	Achieved the plan
Consolidated dividend payout ratio	40% or more	41.1%	Achieved the plan (Increase of 4.00 yen in annual ordinary dividend per share)
Substantive operating CF	¥30.0 billion each fiscal period	¥33.8 billion	Achieved the plan
Investment (2-year total)	¥60.0 billion	¥22.2 billion	Made solar power plants subsidiaries of the Company (Aiming to achieve the total investment amount)

Trends in Profit and Changes in the Business Plan



SHIFT! 2022 Investment Plan

Investment strategy	SHIFT! 2022 (total planned investment over two years)	2021 Results	2022 Plan
<p>Growth investment</p> <ul style="list-style-type: none"> ➤ Renewable energy ➤ Environmental business ➤ Overseas business (M&A + capital expenditures) ➤ Human resources development, etc. 	<p>¥30.0 billion</p>	<p>¥9.3 billion</p>	<p>¥20.0 billion</p>
<p>Bases (strengthening)</p> <ul style="list-style-type: none"> ➤ Digital IT ➤ M&A 	<p>¥10.0 billion</p>	<p>¥3.4 billion</p>	<p>¥9.0 billion</p>
<p>Bases (maintaining)</p> <ul style="list-style-type: none"> ➤ Renovation of LP gas and CS (Car-Life Station) facilities ➤ Renovation of power generation and heat supply facilities ➤ Car dealers ➤ Systems, IT investment 	<p>¥20.0 billion</p>	<p>¥9.5 billion</p>	<p>¥9.0 billion</p>
<p>Total investment</p>	<p>¥60.0 billion</p>	<p>¥22.2 billion</p>	<p>¥38.0 billion</p>

Qualitative Plan/Progress Status

Maintaining and expanding bases



- Entry into Thailand's LP gas market
 - ⇒ Concluded a basic business alliance agreement with WP Energy, a Thailand-based major LP gas supplier
- Launch of new plans under TERASEL Denki
 - ⇒ Started to offer services highlighted in the plan featuring the greater savings for heavy electricity users and the new plan featuring use of CO2-free electricity
- Participation in truck painting business
 - ⇒ In November 2021, ENEX FLEET, a group company, embarked on a truck body business, specifically a painting business.

Deepening the environment & energy businesses



- Acquisition of a mega solar power facility (large-scale solar power plant)
 - ⇒ Acquired all equities in the mega solar facility in Takasaki, Gunma in November 2021. The acquisition significantly contributed to the Q3 results due to a gain on valuation (photo)
- Introduction of Japan's first carbon neutral GTL fuel
 - ⇒ Introduced carbon neutral GTL fuel in November 2021.
- Construction of a new AdBlue® Plant
 - ⇒ Embarked on a manufacturing business in July 2021
- Opening of renewable diesel (RD) refueling stations
 - ⇒ In June, stations were used for vehicles that deliver goods to convenience stores for the first time in Japan. Opened Japan's first permanent RD refueling station for commercial trucks in November

Cultivating next-generation human resources



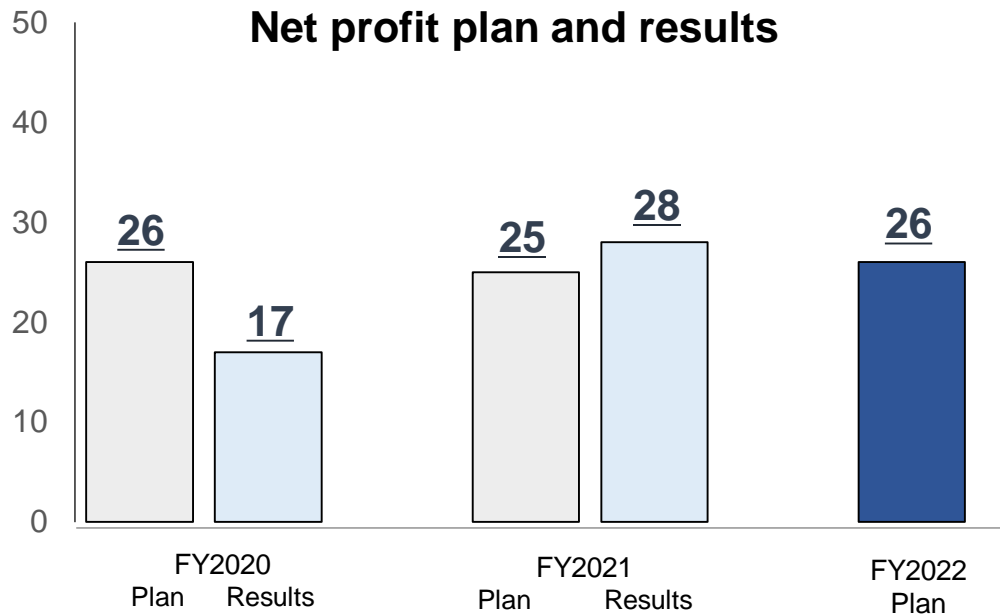
- Promoting diversity
 - ⇒ Ms. Iwamoto was appointed as the Company's first Outside Audit & Supervisory Board Member in June 2021. (The number of female outside directors increased to two and that of female managers also rose) Commencement of the Young Talent Appointment System
- Developing multi-talented human resources
 - ⇒ Launched a cross-functional team to share information, provide information and create businesses on a cross-departmental basis Dispatched personnel to overseas continuously (photo)

3. By segment/FY2022 Management Policy

Management policy for FY2022

Value of business bases

~Changing our business bases into new value~



- **Refining the retail business model**
 - ◇ Digitize overall operation process
 - ◇ Facilitate migration into a data-driven type business through the use and utilization of group data
 - ◇ Promote the model to provide solutions for stores

- **Rolling out the retail business model in Asia**
 - ◇ Efforts by WP, a business alliance partner, to increase the number of stores through the establishment of an Asian model with a view to creating many retail stores

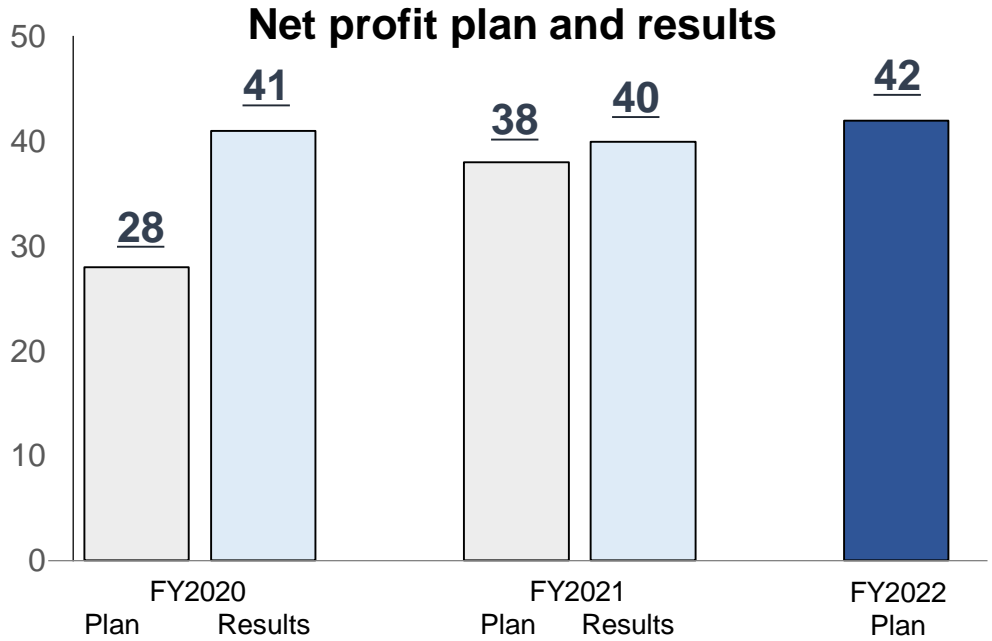
- **Finding regional revitalization-oriented businesses**
 - ◇ Transform the Company's LP gas wholesale sales into a business base for the development of regional revitalization businesses

- **Changing the industrial gas sales model**
 - ◇ Implement cross-selling by providing functions such as the inspection of containers to change the industrial gas sales model.

Management policy for FY2022

Creation of CS with an eye toward the future

~Taking on challenges to respond to changes~



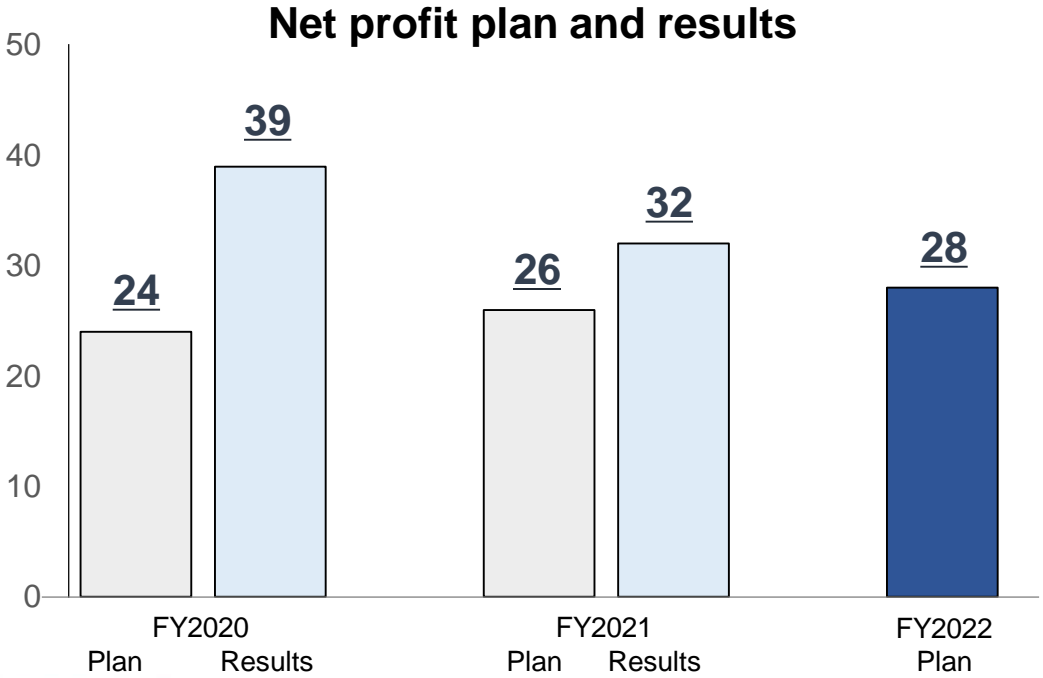
- **Maintaining and expanding the customer base**
 - ◇ Continue new business expansion around Car Life Stations (CSs) to increase transactions in the affiliated network.
 - ◇ Step up efforts to sell TERASEL Denki 's electricity to corporate users
 - ◇ Utilize IT and digital technologies to further increase operational efficiency

- **Investing proactively in auto ancillary businesses**
 - ◇ Expand the business of truck purchasing mainly through Enex Fleet
 - ◇ Expand the network of the wrecker business and vehicle body-building and repairing/maintenance business
 - ◇ Strengthen the car dealer business centered around Nissan Osaka

- **Preparations for the future**
 - ◇ Promote the use of renewable energy in the auto racing industry
 - ◇ Facilitate entry into new business areas on mobility
 - ◇ Cultivate overseas business (Enex Fleet Vietnam and IP&E Palau)

Industrial Business

Management policy for FY2022
Responding to demand for decarbonization and passing along solution to the next generation



- **Full-scale cultivation of environment-related business and pursuit of business opportunities**
 - ◇ Structure for supplying AdBlue® expanded
 - ◇ Organize the supply system of GTL, renewable energy and other fuels and increase sales thereof
 - ◇ Enhance the business of LNG bunkering for vessels
 - ◇ Create a business dedicated to CO2 reductions by building on the service of supporting the visualization of CO2

- **Increasing the competitiveness and profitability of existing businesses**
 - ◇ Digitize the distribution and supply systems
 - ◇ Expand business areas by leveraging expertise and knowledge

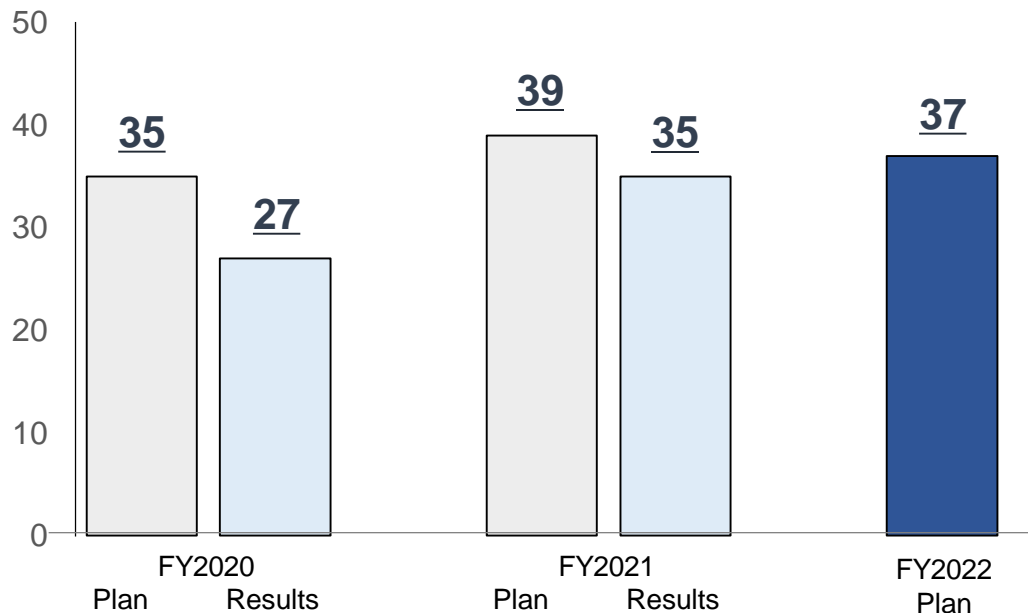
- **Developing and creating new businesses**
 - ◇ Accelerate efforts in new business development in the environmental business area
 - ◇ Facilitate business collaboration proactively through alliances with companies operating in different industries

Power & Utility Division

Management policy for FY2022

Power to connect customers Environmental business for the future

Net profit plan and results



■ Power to connect customers

~Serve 500,000 households by human and digital sales activities~

- ◇ Leverage the customer bases built by respective divisions to offer the Denki service.
- ◇ Enhance the management system to deal appropriately with risks related to electricity trading
- ◇ Utilize DX to increase the number of TERASEL Denki users



TERASELでんき

■ Environmental business for the future

~Realizing decarbonization and offering economic advantages simultaneously~

- ◇ Develop a scheme that features the combined use of renewable energy (particularly solar power) and rechargeable batteries
- ◇ Step up efforts both in Japan and abroad to promote the TERASEL SOLAR
- ◇ Expand the solar sharing business (photovoltaic power generation and agricultural production) on a full-scale basis
- ◇ Start TERASEL CAR SHARE Service
- ◇ Start validation for CO2 reductions and energy efficiency improvements such as the mixed combustion of coal and biomass fuel at coal-fired power plants

TERASEL SOLAR
テラセルソーラー



4. Initiatives for New Businesses

(1) Solar power

[Scheme featuring use in combination with rechargeable batteries]

* Develop a scheme that features on the combined use of renewable energy (particularly solar power) and rechargeable batteries

[TERASEL SOLAR]

* Increase efforts to promote the TERASEL SOLAR, a self-consumption solar power generation service, to corporate customers

(Some of clients that introduced the service)

	Solar panels	Expected power consumption reduction	Expected CO2 emissions reduction
Enex Fleet Nishinomiya CS	97.5 kW	Annual average of approx. 31%	Annual average of approx. 38.0 tons
SENKO LOGISTICS	172.8 kW	Annual average of approx. 33%	Annual average of approx. 125.0 tons
KOHNAN Daito Shinden	604.8 kW	Annual average of approx. 28%	Annual average of approx. 256.0 tons
KOHNAN Niihama	182.16 kW	Annual average of approx. 32%	Annual average of approx. 71.0 tons

[Solar sharing]

* Expand the solar sharing business (solar power generation business and solar power-based agricultural business) on a full-scale basis



(2) Next-generation marine fuels

[Creation of a business to supply LNG fuel to vessels]

- * The Company worked on the initiative of supplying LNG to vessels with Kyushu Electric Power Co., Inc., Nippon Yusen Kabushiki Kaisha and Saibugas Co., Ltd., and established KEYS Bunkering West Japan Co., Ltd., a joint venture, in February 2022.
- * In March 2022, KEYS Bunkering West Japan Co., Ltd concluded an agreement for building its own vessel (an LNG bunkering vessel) with Mitsubishi Shipbuilding Co., Ltd. to supply LNG fuel to vessels.
- * The company plans to launch the LNG fuel supply business in the spring of 2024.

[Ammonia fuel for ships]

- * The Company is considering the safety for ships and safety in supply, specifications, impacts on the Environment and other factors jointly with 34 companies and organizations with a view to an early social implementation of ammonia fuel.
- * The member companies jointly considering common issues such as safety for ships, safety in supply, specifications for ammonia as a marine fuel and environmental impact assessment throughout the life cycle.



(3) Hydrogen Business

[Consideration of hydrogen refueling stations]

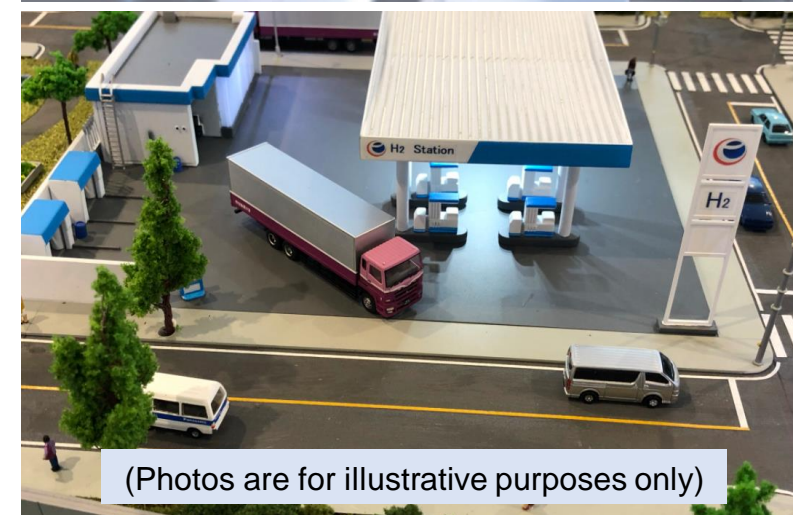
- * Starting from February 2021, the Company has been considering the establishment of a hydrogen value chain from the production of low-carbon hydrogen to its use with Air Liquide Japan and ITOCHU Corporation.
- * The Company is considering using the material as fuel and supplying it for large FCV trucks.
(The Company is in discussion with auto manufacturers and transport companies with respect to the creation of a hydrogen station model for commercial vehicles that features quick charging and operation for 24 hours every day.)
- * The Company is in the process of discussion with device manufacturers and industrial customers with respect to the development and verification tests of a combustion system.

[Industrial use]

- * The Company is currently considering the creation of business models with respect to, for example, the change of boiler fuel used in its own asphalt bases.

[Participation in urban development]

- * Participation in Yokohama City's Yokohama Smart Business Association and the carbon-neutral city initiative (to propose decarbonization actions including the use of hydrogen in mobility)



(Photos are for illustrative purposes only)

Address Climate Change

~The Group's environment-related businesses that contribute to reducing society-wide GHG emissions~

Alternative fuel	GTL fuel	Ammonia fuel for ships
	Renewable diesel	Hydrogen value chain
	LNG (for ships)	SAF(renewable and alternative aviation fuel)
Renewable energy	Wind power	Biomass power
	Solar power	Self-consumption photovoltaic power generation (PPA)
	Hydroelectric power generation	Solar power sharing (solar power generation business and solar power-based agricultural business)
Electrification and energy saving	EV /Charging station	Recycling of disposed batteries
	Electric vehicle sharing	Sales of LPG and high efficiency equipment
	Heat Supply Business	Sales of smart devices
Others	High-grade AdBlue® urea	Fly ashes (recycling of combustion ashes)
	Recycled slop oil	Support visualization of CO2 emissions

Sustainability Policy · Sustainability issues

- * Nov. 2021
Establishment of Sustainability Policy and Key Issues
- * Mar. 2022
Developing a policy to address climate change

Sustainability Policy

The ITOCHU ENEX Group has a mission of delivering energy and services as a "The Best Partner for Life and Society" and will aim to improve our corporate value while contributing to the development of a rich life for people and a sustainable society.

- Contributing to a carbon neutral society through our business
- Contributing to rich communities through a stable energy supply
- Establishing a governance system stakeholders can rely on

【Sustainability issues (Materiality)】

(1) Address climate change ~ Contributing to the realization of a carbon neutral society ~	
(2) Access to energy ~ Delivering the gift of energy to everyone ~	
(3) Utilize human resources ~ Human resources strategies for creating diverse value ~	
(4) Corporate Governance ~ Making transparent, viable, and fair decisions ~	

【GHG emissions reduction targets】

	2030	2050
Scope 1 + Scope 2	GHG emissions from the Itochu Enex Group Down 50% (Compared to FY2018)	GHG emissions from the Itochu Enex Group Carbon neutrality
Scope 3 emissions and contribution to society as a whole	We will contribute to the reduction of society as a whole's GHG emissions by reducing emissions from the entire supply chain and through our businesses, aiming for a zero offset economy.	

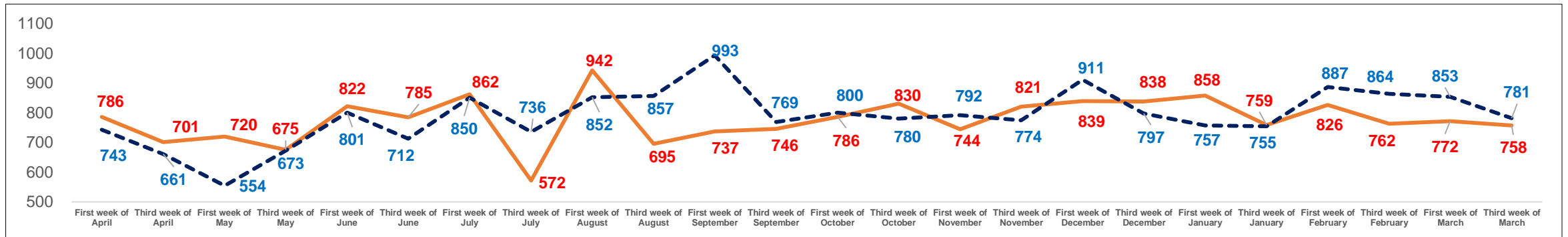
Appendix

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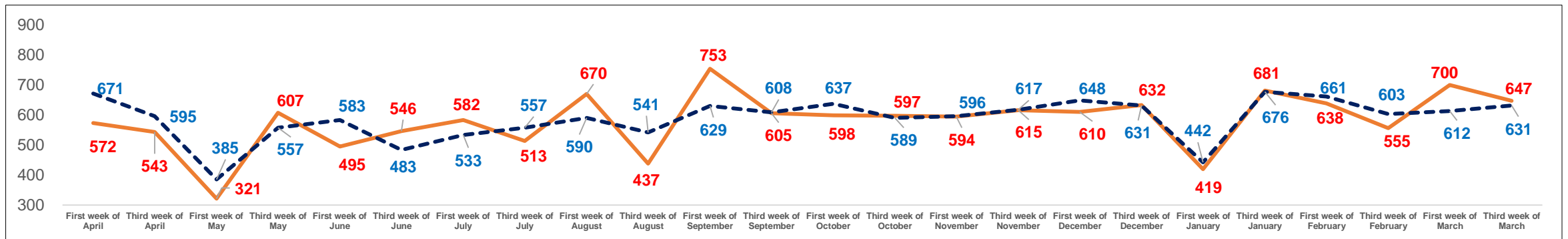
[Reference] Shipments of gasoline and diesel oil in Japan (national statistics)

Weekly shipment volume of gasoline Unit: Thousand kiloliters

--- Year ago value — Recent value



Weekly shipment volume of diesel oil Unit: Thousand kiloliters



* Created based on statistics from Petroleum Association of Japan

Appendix

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

Unit: Thousand tons

	March			April			May			June			July			August		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
For household and business use	749	764	+2%	646	616	-5%	513	522	+2%	454	494	+9%	451	458	+2%	412	405	-2%
For cars	41	31	-24%	29	30	+3%	22	26	+18%	31	30	-3%	37	33	-11%	35	31	-11%
Total	790	795	+1%	675	646	-4%	535	548	+2%	485	524	+8%	488	491	+1%	447	436	-2%

	September			October			November			December			January			February			Total		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	Year before last	Last one year	Changes
For household and business use	401	442	+10%	526	509	-3%	616	618	+0%	828	849	+3%	813	835	+3%	736	800	+9%	7,145	7,312	+2%
For cars	35	29	-17%	36	33	-8%	33	31	-6%	37	37	-0%	29	30	+3%	27	26	-4%	392	367	-6%
Total	436	471	+8%	562	542	-4%	649	649	+0%	865	886	+2%	842	865	+3%	763	826	+8%	7,537	7,679	+2%

* Created based on statistics from Japan LP Gas Association

Appendix

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

Unit: Thousand units

	April			May			June			July			August			September		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
Standard-sized and compact cars	145	183	+26%	124	166	+34%	182	198	+9%	207	213	+3%	169	176	+4%	252	170	-33%
Kei cars	75	106	+42%	51	96	+89%	102	99	-3%	123	97	-22%	101	88	-13%	138	87	-37%
Total	220	289	+32%	175	262	+50%	284	297	+4%	331	309	-6%	270	264	-2%	391	257	-34%

	October			November			December			January			February			March			Total		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	Year before last	Last one year	Changes
Standard-sized and compact cars	221	151	-32%	219	189	-14%	211	191	-9%	208	182	-9%	227	185	-19%	329	285	-14%	2,495	2,287	-8%
Kei cars	154	103	-33%	159	133	-16%	136	118	-14%	148	123	-17%	170	141	-17%	229	186	-19%	1,585	1,374	-19%
Total	375	253	-32%	378	322	-15%	347	309	-11%	356	305	-14%	397	326	-18%	558	470	-16%	4,080	3,661	-10%

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

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