

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

FY2022 Financial Results for First Six Months

November 11, 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 First Six Months of FY2022

- **Quarterly net profits** increased 1.4 billion yen to **6.9 billion yen**, up 25.5% year on year.
- The Industrial Business and Car-Life Business were revenue drivers, although the Power & Utility Business struggled due to rising resource prices.
- Steady performances were recorded in businesses such as marine fuel sales, environment-related, corporate fleet refueling card and asphalt in the Industrial Business, as well as the CS^(*) retailing business in the Car-Life Business.

(*) CS: Stands for car life station, which is a multi-service station offered by the Company.

Net sales

499.5 billion yen (+25.5% year on year)

Operating profit

10.8 billion yen (+18.5% year on year)

Gross profit

44.0 billion yen (+5.6% year on year)

Net profit

6.9 billion yen (+25.5% year on year)

1. **Overview of Consolidated Financial Results for First Six Months of FY2022**
 - (1) Overview of the Entire Company
 - (2) Overview by Segment
 2. **Progress on Medium-Term Business Plan**
 3. **By segment/Progress in FY2022/1H and Policy for FY2022/2H**
- ◇ **Appendix**

Overview of Consolidated Financial Results for First Six Months of FY2022 (1) Overview of the Entire Company

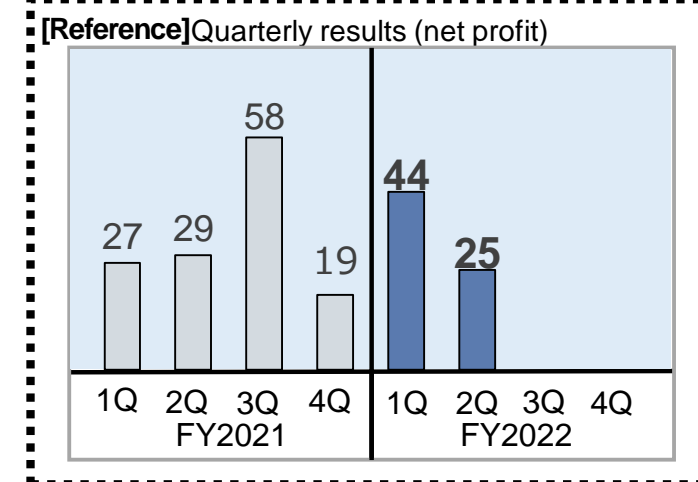
Summary of Financial Results for 1H/FY2022



Profit increased thanks to the steady performance of the Industrial Business and Car-Life Business.

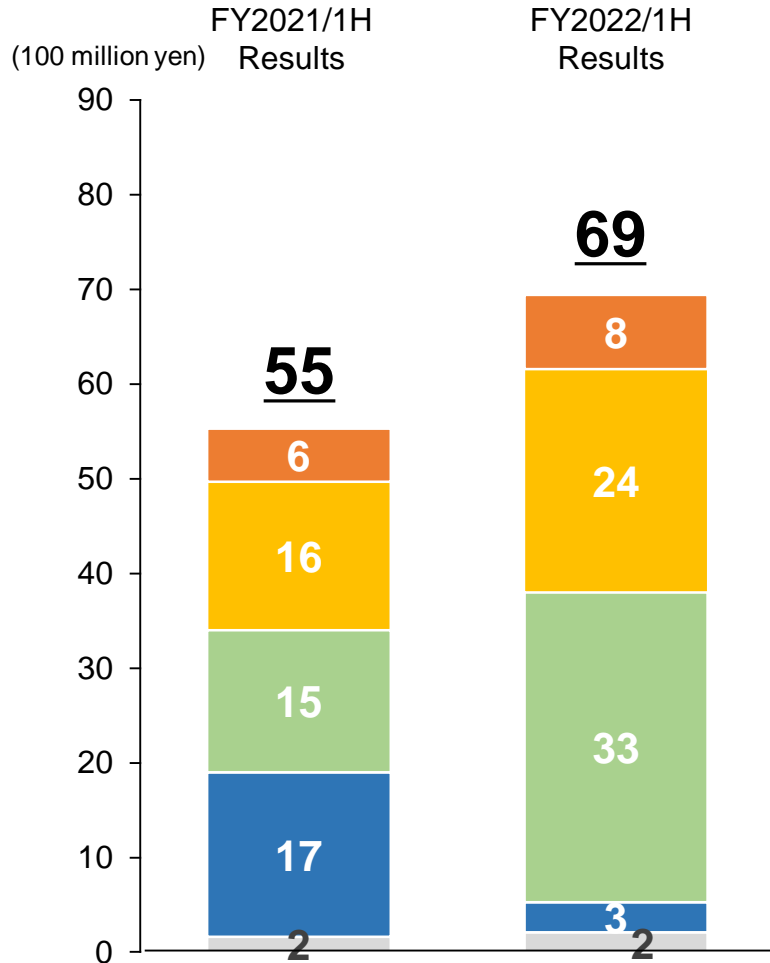
(100 million yen)	FY2021/1H Results	FY2022/1H Results	Changes	FY2022 Plan	Achievement rate
Net sales	3,981	4,995	+1,014	10,000	50%
Gross profit	417	440	+23		
Selling, general and administrative expenses	-328	-333	-5		
Operating profit	91	108	+17	194	56%
Share of profit (loss) of investments accounted for using the equity method	10	13	+2		
Net profit	55	69	+14	130	53%
Ratio of SG&A expenses to gross profit	78.8%	75.7%	-3.1pt		
Dividends (yen/share)	23	24	+1		

- Quarterly net profits increased 1.4 billion yen to 6.9 billion yen, up 25.5% year on year.
- The Industrial Business and Car-Life Business were revenue drivers, although the Power & Utility Business struggled due to rising resource prices.
- Steady performances were recorded in businesses such as marine fuel sales, environment-related, corporate fleet refueling card and asphalt in the Industrial Business, as well as CS^(*) retailing business in the Car-Life Business.



Net Profit by Segment

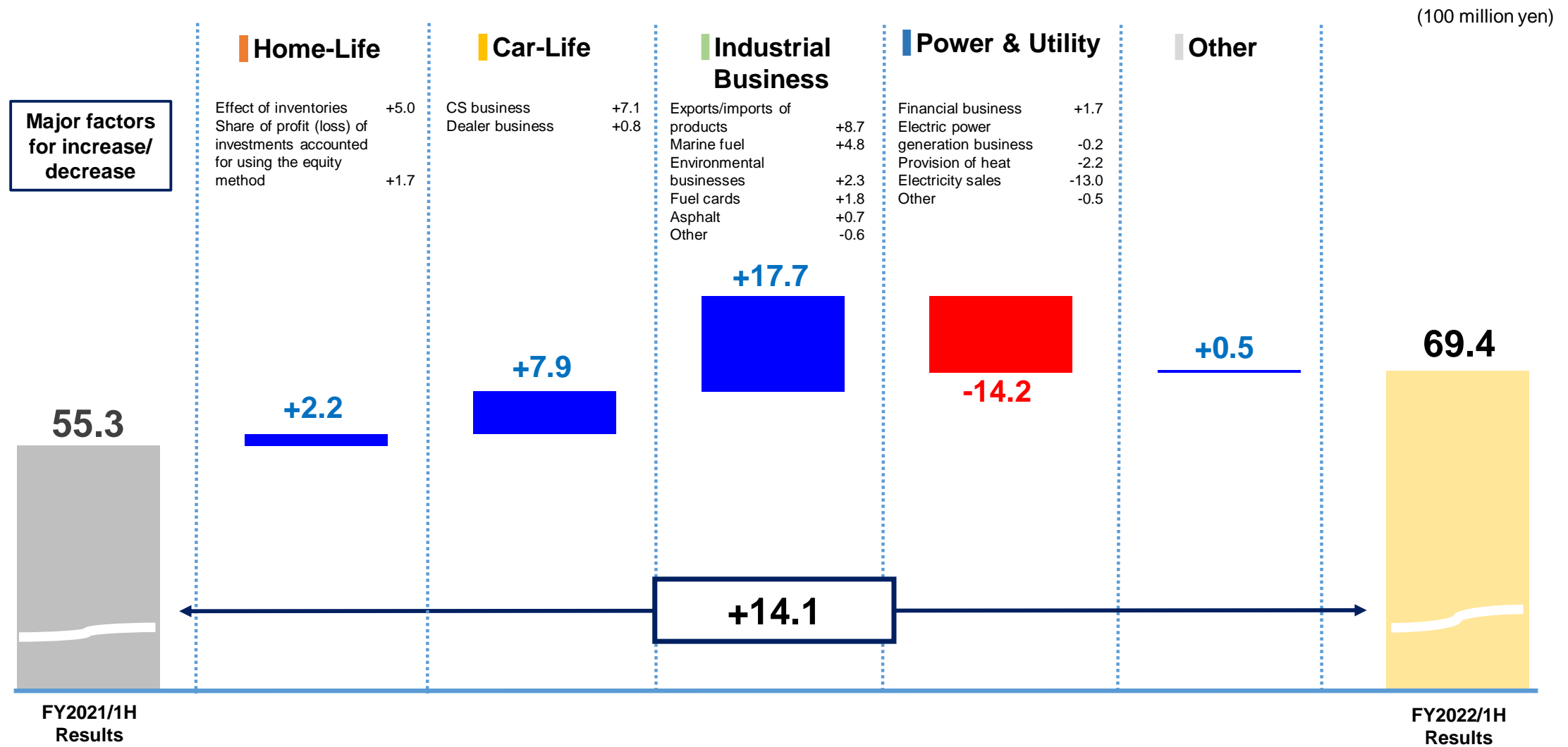
Profit increased thanks to the steady performance of the Industrial Business and Car-Life Business.



Major factors for increase/decrease

- Home-Life (YoY: +¥200 million, Percent of the plan achieved: 30%)**
 Profit increased mainly due to the acquisition of new customers, the effect of inventories and contribution by associates accounted for by the equity method.
- Car-Life (YoY: +¥800 million, Percent of the plan achieved: 56%)**
 Profit increased with the steady performance of the CS retailing business and higher profitability per unit in the dealer business.
- Industrial Business (YoY: +¥1,800 million, Percent of the plan achieved: 117%)**
 Profit increased due to operations in an appropriate response to the market environment, in addition to the steady performance of each business.
- Power & Utility (YoY: -¥1,400 million, Percent of the plan achieved: 9%)**
 Profit decreased, reflecting narrower electricity retail margins due to higher procurement prices caused by surging resource prices.

Analysis of Net Profit in 1H by Segment

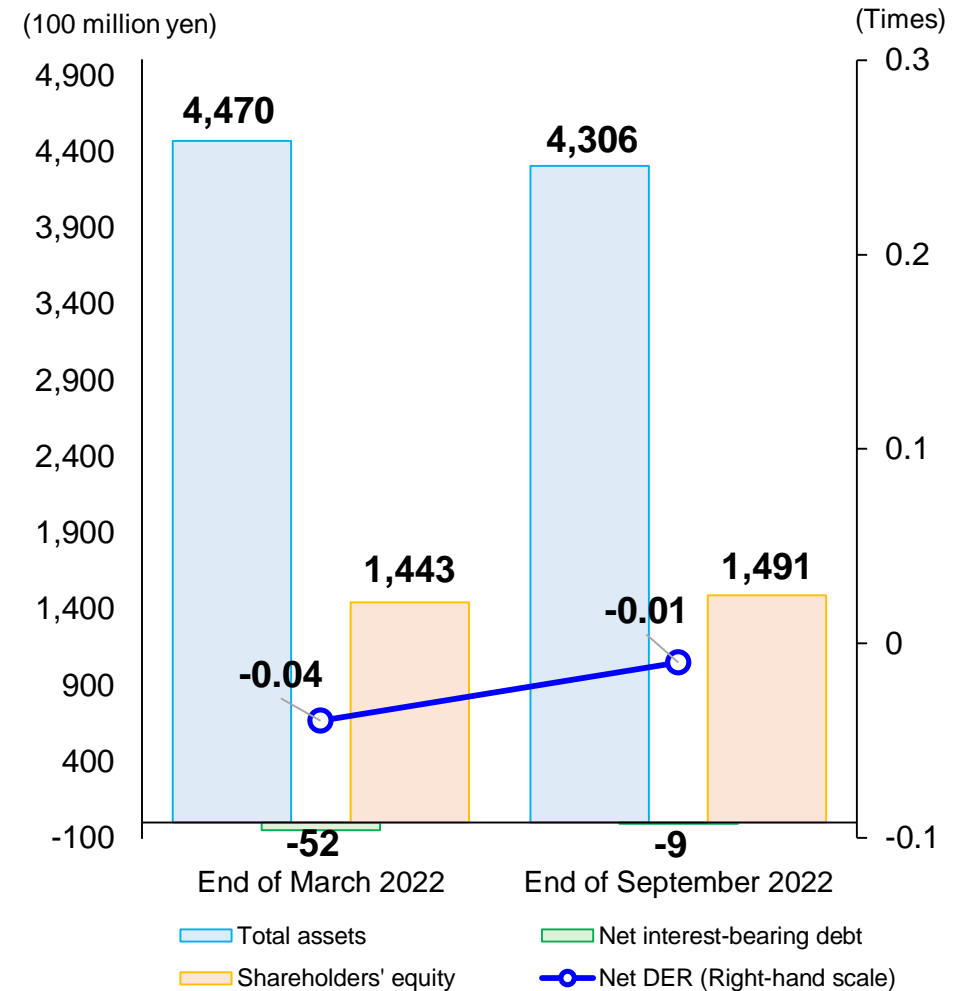


Financial Position

Trade receivables/trade payables decreased due in part to seasonal factors.

- Total assets:** Decreased **16.4** billion yen from the end of the previous year due to decreases in trade receivables/trade payables and came to **430.6 billion yen**.
- Shareholders' equity:** Increased **4.8** billion yen from the end of the previous year to **149.1 billion yen**, mainly reflecting a rise in net profit.
- Net DER:** Net DER increased by 0.03 from the end of the previous year, to **-0.01**, reflecting a decrease in working capital due to seasonal factors.

	End of March 2022 Results	End of September 2022 Results	Changes
Total assets	4,470	4,306	-164
Net interest-bearing debt	-52	-9	+43
Shareholders' equity	1,443	1,491	+48
Ratio of shareholders' equity to net assets	32.3%	34.6%	+2.3pt
Net DER	-0.04	-0.01	+0.03



Cash Flows

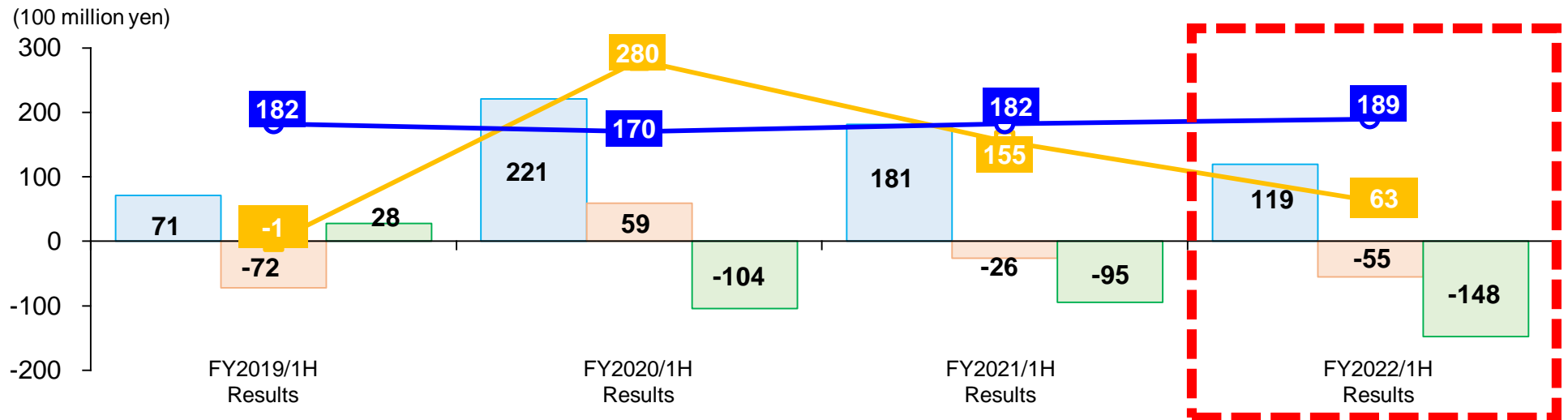
Continued to create ample cash flows from operating activities

Cash Flows	FY2019/1H Results	FY2020/1H Results	FY2021/1H Results	FY2022/1H Results
Cash flows from operating activities	71	221	181	119
Cash flows from investing activities	-72	59	-26	-55
(Free cash flows)	-1	280	155	63
Cash flows from financing activities	28	-104	-95	-148

Substantive cash flows

Substantive operating cash flows (*)	182	170	182	189
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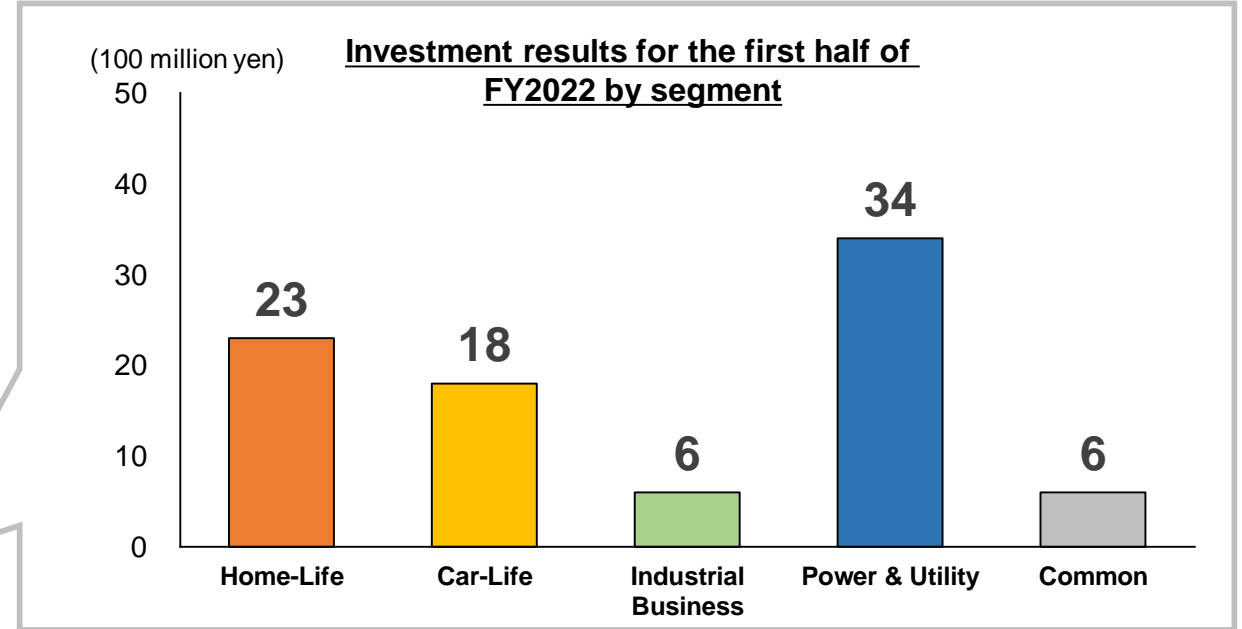
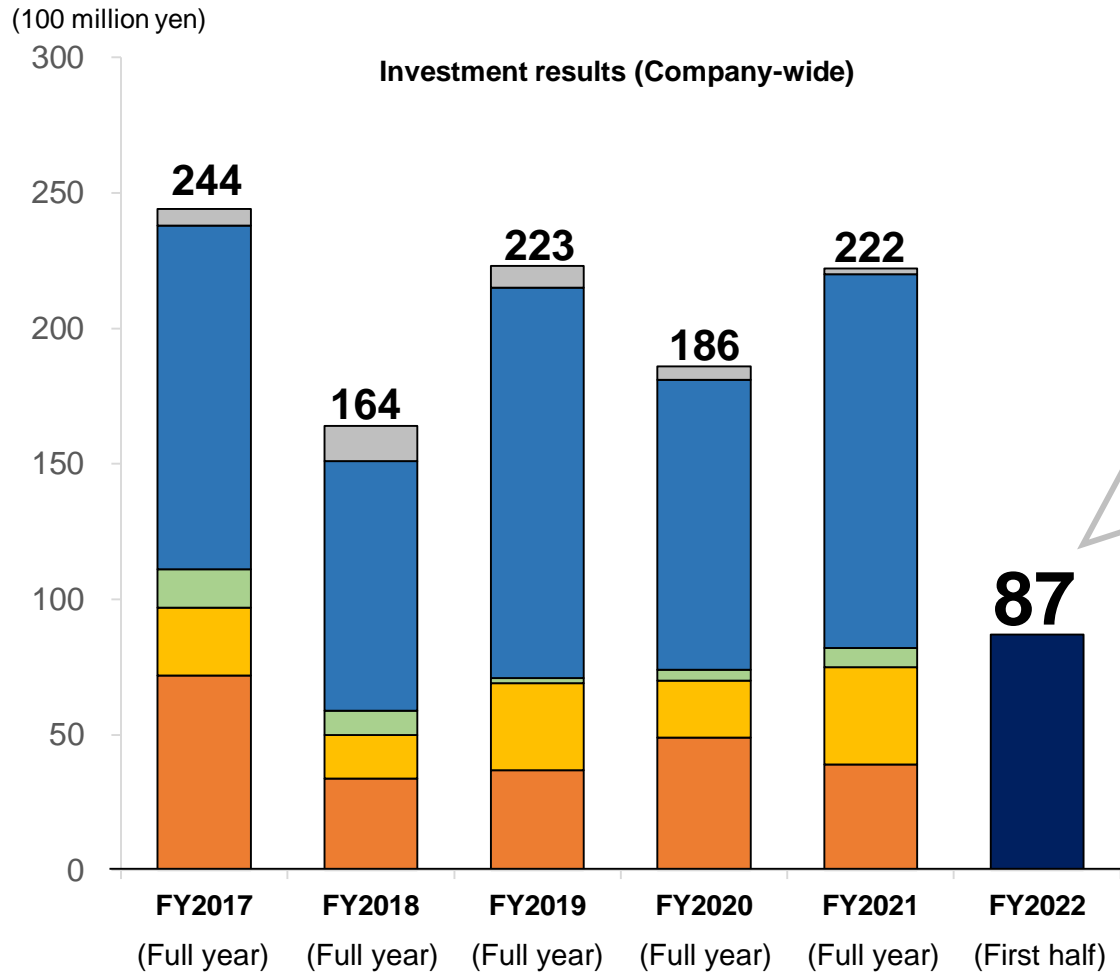
(*) Operating CF – Increase/decrease in working capital



Investment Trends

The reinforcement of foundations was carried out steadily.

Growth investments are planned with a focus on the Power & Utility Division.



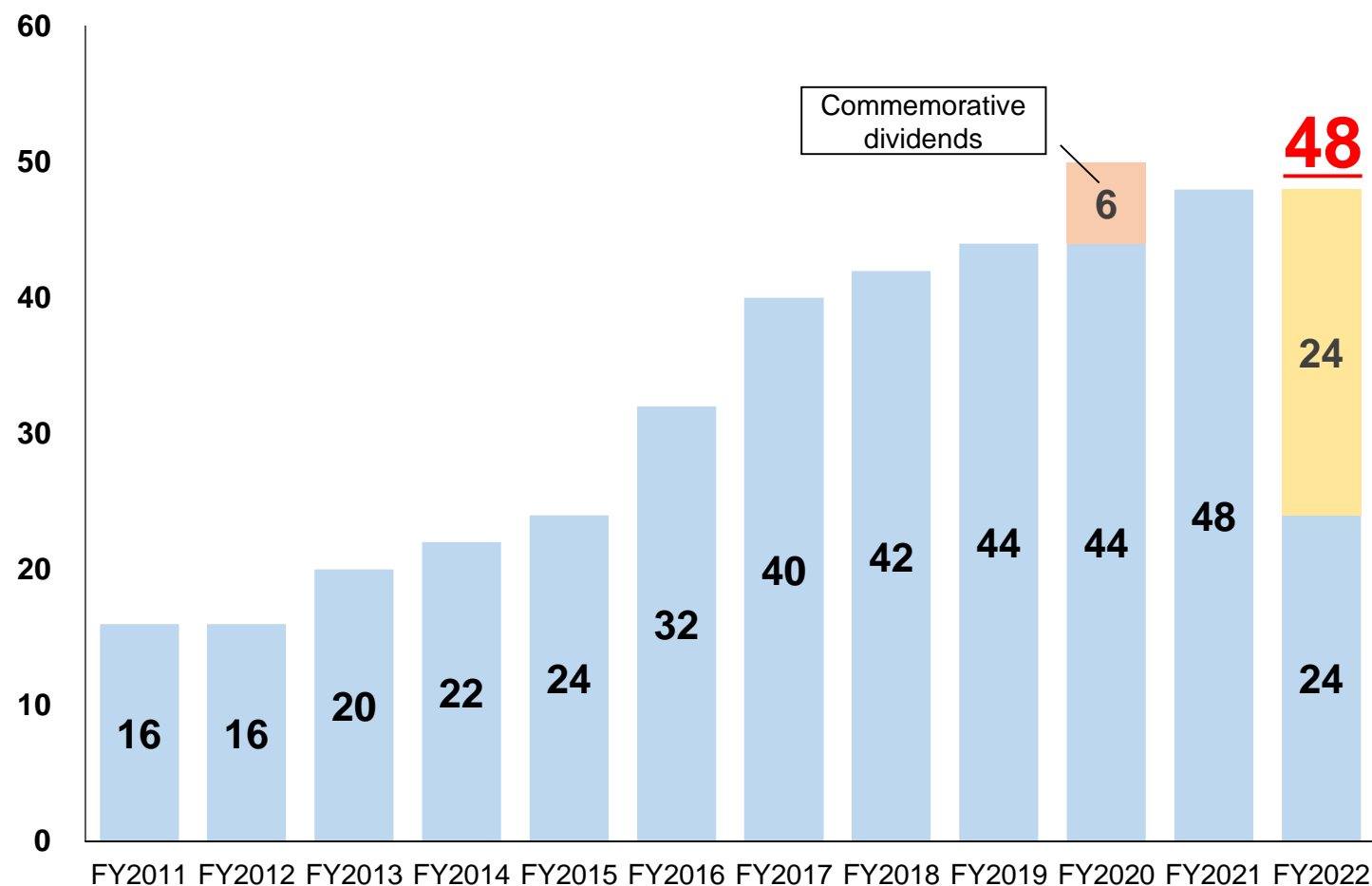
Major investment results

Home-Life	Acquisition of business rights, renovation of LPG filling stations, LPWA(*), etc.
Car-Life	Investment in the auction business, the renovation of CS and dealer stores, etc.
Industrial Business	Oil terminal renovation, etc.
Power & Utility	Solar power plants, heat supply facilities, etc.
Common	Rebuilding core systems, etc.

(*) Abbreviation for Low Power Wide Area. Communication method for achieving long-distance telecommunication with reduced power consumption.

FY2022 Shareholder Returns

The mid-term dividend and annual dividend are expected to be 24 yen and 48 yen, respectively.



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

Annual dividend at 48 yen
will be maintained in FY2022.

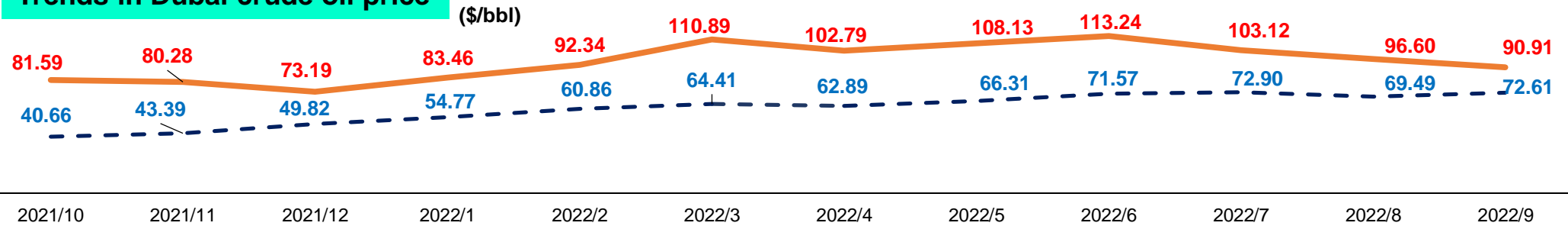
Dividend payout ratio (%)	42.7	58.6	46.8	32.4	30.5	45.2	36.3	34.8	41.0	41.0	41.2	46.4	40% or more
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(Reference) Market Trends

Crude oil and CP prices were on a downward trend while power prices remained at a high level.

— Most recent 1 year (Oct. 2021 - Sep. 2022) - - - - - Year ago value

Trends in Dubai crude oil price



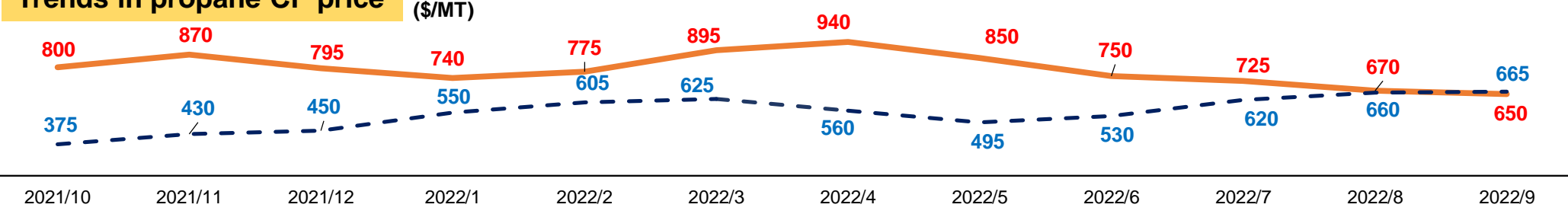
Average price

94.71

60.81

Change from the previous year: +33.9

Trends in propane CP price



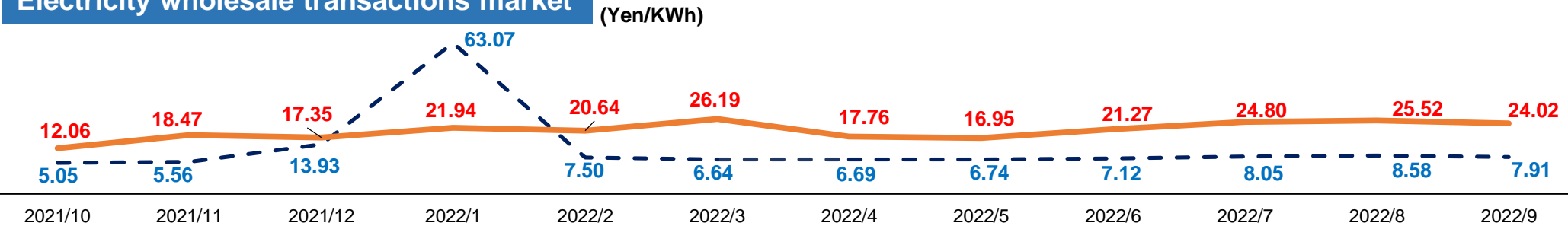
Average price

788

547

Change from the previous year: +241

Electricity wholesale transactions market



Average price

20.58

12.24

Change from the previous year: +8.34

Overview of Consolidated Financial Results for First Six Months of FY2022

(2) Overview by Segment

Results by Segment

						(100 million yen)	
		FY2021/1H Results	FY2022/1H Results	Changes	Rate of change %	FY2022 Plan	Achievement rate
Company-wide	Net sales	3,981	4,995	+1,014	+25.5%	10,000	50%
	Operating profit	91	108	+17	+18.5%	194	56%
	Net profit	55	69	+14	+25.5%	130	53%
Home-Life	Net sales	347	399	+52	+15.0%	—	—
	Operating profit	4	5	+1	+27.7%	—	—
	Net profit	6	8	+2	+40.1%	26	30%
Car-Life	Net sales	2,458	2,682	+224	+9.1%	—	—
	Operating profit	32	44	+12	+37.8%	—	—
	Net profit	16	24	+8	+50.1%	42	56%
Industrial Business	Net sales	809	1,369	+561	+69.4%	—	—
	Operating profit	21	48	+27	+124.8%	—	—
	Net profit	15	33	+18	+117.8%	28	117%
Power & Utility	Net sales	368	545	+177	+48.1%	—	—
	Operating profit	31	8	-23	-74.0%	—	—
	Net profit	17	3	-14	-81.4%	37	9%

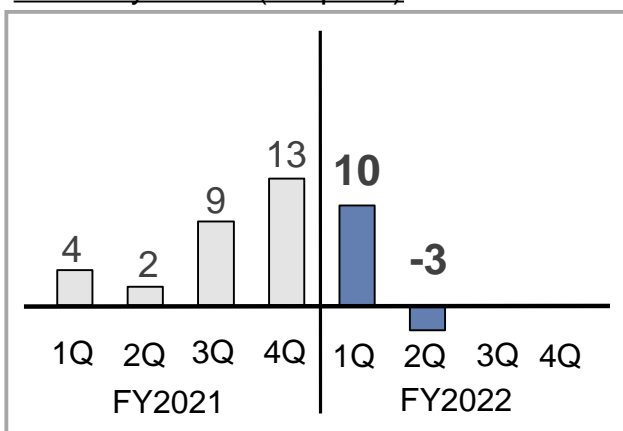
Home-Life



Profit increased mainly due to the acquisition of new customers, the effect of inventories and the contribution by associates accounted for by the equity method.

	FY2021/1H Results	FY2022/1H Results	Changes	Major factors for increase/decrease (Net profit)	(100 million yen)	
					FY2022 Plan	Achievement rate
Gross profit	96	95	-1	The number of customers under direct contract rose approx. 7,000 from the end of the previous fiscal year, to approx. 563,000, reflecting stepped up activities to acquire new customers and business rights. For LP gas sales volume, demand for gas business and gas for automobile use were recovering. However, the overall sales volume decreased slightly from the year-ago level due to a decline in demand for gas for household use reflecting the rebound from the demand driven by those refraining from going out in the previous fiscal year. In terms of profitability, profit increased mainly due to the acquisition of new customers, the effect of inventories and the contribution by associates accounted for by the equity method.		
Selling, general and administrative expenses	-93	-91	+3			
Operating profit	4	5	+1			
Share of profit (loss) of investments accounted for using the equity method	7	8	+2			
Net profit	6	8	+2			26

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021/1H Results	FY2022/1H Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	2	2	-0
ECORE (The Company's equity 51%)	3	3	-0
ENEARC (The Company's equity 50%)	3	2	-1

Number of customers (1,000)

	End of March 2022	End of September 2022	Changes
Number of customers under direct LP gas supply contracts	557	563	+7
Number of customers for electricity retail	118	119	+1

Sales volumes

	FY2021/1H Results	FY2022/1H Results	Changes
LP gas (thousand tons)	199	195	-2%
Industrial gas (thousand tons)	33	34	+2%

Car-Life

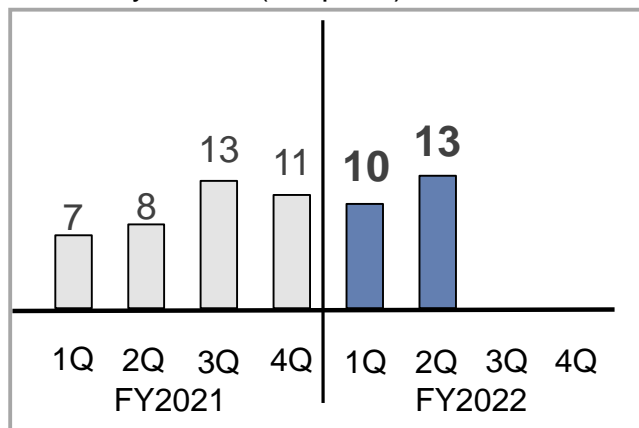
Profit increased with the steady performance of the CS retailing business and higher profitability per unit in the dealer business.



(100 million yen)

	FY2021/1H Results	FY2022/1H Results	Changes	Major factors for increase/decrease (Net profit)	FY2022 Plan	Achievement rate
Gross profit	226	238	+13	<p>The number of CS decreased by 6 from the end of the previous fiscal year to 1,630. The sales volume of oil products remained unchanged year on year. The number of cars sold decreased year on year, reflecting a decline in vehicle production due to the shortage of semiconductors, offsetting strong sales of new models.</p> <p>In terms of profitability, profit increased due to the steady performance of the CS retailing business and improved profitability per unit in the dealer business.</p>		
Selling, general and administrative expenses	-194	-197	-3			
Operating profit	32	44	+12			
Share of profit (loss) of investments accounted for using the equity method	0	0	-0			
Net profit	16	24	+8			42

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021/1H Results	FY2022/1H Results	Changes
ENEX FLEET	6	11	+5
Osaka Car Life Group (The Company's equity 51.95%)	4	5	+1

Sales volumes

	FY2021/1H Results	FY2022/1H Results	Changes
Gasoline (thousand KL)	1,058	1,080	+2%
Kerosene (thousand KL)	124	95	-23%
Diesel oil (thousand KL)	1,138	1,124	-1%
New cars (thousand units)	12	12	-5%
Used cars (thousand units)	11	9	-16%

Industrial Business

Profit increased due to operations in an appropriate response to the market environment, in addition to the steady performance of each business.



(100 million yen)

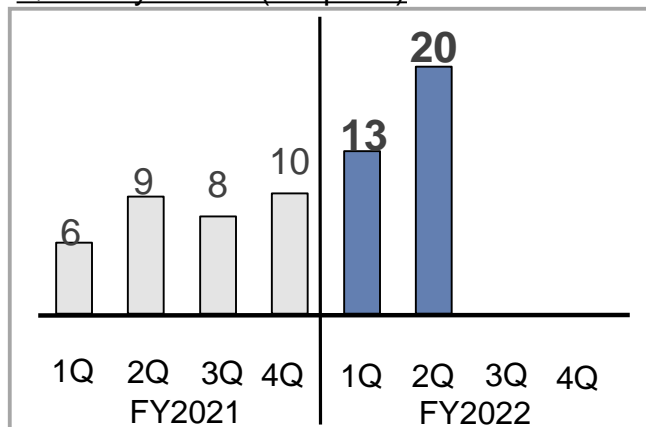
	FY2021/1H Results	FY2022/1H Results	Changes
Gross profit	41	72	+31
Selling, general and administrative expenses	-19	-21	-2
Operating profit	21	48	+26
Share of profit (loss) of investments accounted for using the equity method	0	-0	-0
Net profit	15	33	+18

Major factors for increase/decrease (Net profit)

In the marine fuel business, sales of heavy oil for ocean going vessels remained strong. The sales volume of corporate fleet refueling cards increased year on year, reflecting activities to find new customers. The revenue base in each business was expanded through initiatives including appropriate sales prices set in response to the supply demand environment of various products. Profit increased due to operations in appropriate response to the market environment, in addition to the steady performance of each business.

FY2022 Plan	Achievement rate
28	117%

Quarterly results (net profit)



Sales volumes

	FY2021/1H Results	FY2022/1H Results	Changes
Gasoline (thousand KL)	211	179	-15%
Kerosene (thousand KL)	65	63	-2%
Diesel oil (thousand KL)	462	471	+2%
Heavy fuel oil (thousand KL)	743	896	+21%
Asphalt (thousand tons)	126	128	+1%

Power & Utility

Profit decreased, reflecting narrower electricity retail margins due to higher procurement prices caused by surging resource prices.



(100 million yen)

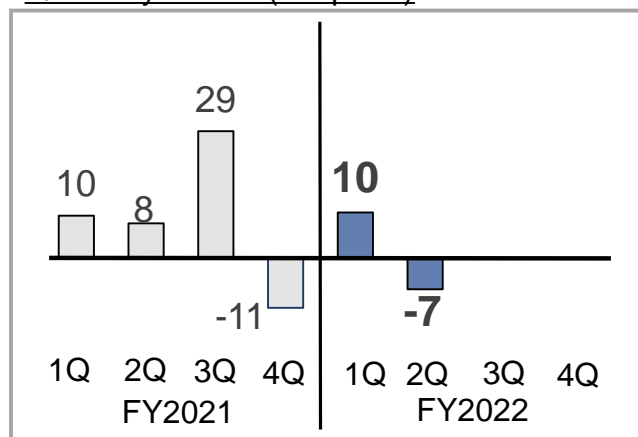
	FY2021/1H Results	FY2022/1H Results	Changes
Gross profit	54	35	-19
Selling, general and administrative expenses	-26	-29	-3
Operating profit	31	8	-23
Share of profit (loss) of investments accounted for using the equity method	3	4	+1
Net profit	17	3	-14

Major factors for increase/decrease (Net profit)

In the electricity retailing business, sales for low-voltage power for both individual use and corporate use were higher than the year-ago level, attributable to an increase in the number of new contracts. However, sales of high-voltage power decreased year on year due to the implementation of profitability-focused sales. As a result, overall sales decreased year on year. Sales volume in the heat provision business increased year on year due to an increase in the use of air conditioners that resulted from the higher average temperature in comparison with the year-ago level. In terms of profitability, profit decreased, reflecting narrower electricity retail margins due to higher procurement prices caused by surging resource prices.

FY2022 Plan	Achievement rate
37	9%

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021/1H Results	FY2022/1H Results	Changes
ENEX Electric Power Group	4	4	-0
ENEX LIFE SERVICE	1	1	-0
Tokyo Toshi Service Company (The Company's equity 66.6%)	8	6	-2
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	4	2	-1

Sales volumes

	FY2021/1H Results	FY2022/1H Results	Changes	
Electricity Retail (GWh)*	1,195	1,060	-11%	
Breakdown	Sales of high voltages*	886	688	-22%
	Sales of low voltages*	309	372	+20%
Steam (thousand tons)	249	210	-16%	
Heat quantity (TJ)	703	756	+8%	

* Calculated based on preliminary values. Electricity retail includes agency quantity.

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

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: Foundations

Expansion of the trading area by acquiring LP gas business operators



- * We expanded the business foundations through the implementation of M&A deals with LP gas business operators and stepped-up sales activities.
- * The number of households using the Group's LP gas increased 7,000 from the end of the previous fiscal year, to 563,000.

Entry into the auto auction business



- * We completed a partial acquisition of shares of the GLION Group to expand the Group's vehicle distribution value chain. (Entry into the auto auction business)
- * We will expand the vehicle types that we handle to include those for construction machinery, while also enhancing peripheral services for sellers and bidders.

Application of solar power generation for self-consumption



- * We facilitated the introduction of self-consumption solar power generation service. (Installed solar power generation systems in factories, warehouses and other facilities, achieving reductions in CO2 emissions and costs at companies that introduced the systems.)
- * To date, the system has been installed at 11 facilities in total including CS operated by Enexfleet Co., Ltd. and Senko Group companies in Thailand, as well as home centers, asphalt mixture factories, transportation companies' sales offices, etc.

Qualitative Plan/Progress Status: Environment and Energy

Introduction of renewable diesel for a broader range of applications



* A future generation renewable fuel that minimizes introduction costs and contributes to GHG emission reductions.

Renewable diesel was introduced for use in tankers, buses, special loading businesses (large trucks for trunk transportation between bases), tugboats, etc. for the first time in Japan.

Start of collaboration with Smart Solar Corporation



* We concluded a basic agreement in which we will be given preference in the study and ownership of commercial-use solar power plants to be developed by Smart Solar in the future.

* Smart Solar will not apply the Feed-in Tariff (FIT) scheme to 19 plants it is planning to develop nationwide, and the total power generation capacity of the plants is expected to be approximately 400 MW.

Start of the CO2-based soybean cultivation research project



* We launched the CO2-based soybean cultivation research project in cooperation with Saga City, Saga University and FUJI OIL HOLDINGS INC.

* We will seek to realize carbon recycling and reduce CO2 emissions through the effective disposition of CO2.

* A demonstration test, which takes advantage of the characteristics of soybeans, namely that they grow faster with the absorption of CO2, will be carried out at Saga University.

Plan for the opening of a Japan's first hydrogen refueling station able to serve FC trucks



* We participated in a project in which hydrogen refueling stations will be constructed by Air Liquide Japan G.K.

* Japan's first hydrogen refueling station able to serve FC trucks, as well as vehicles for commercial use such as buses and trucks, and open 24 hours a day, 365 days a year.

* Schedule to open in the first half of 2024.

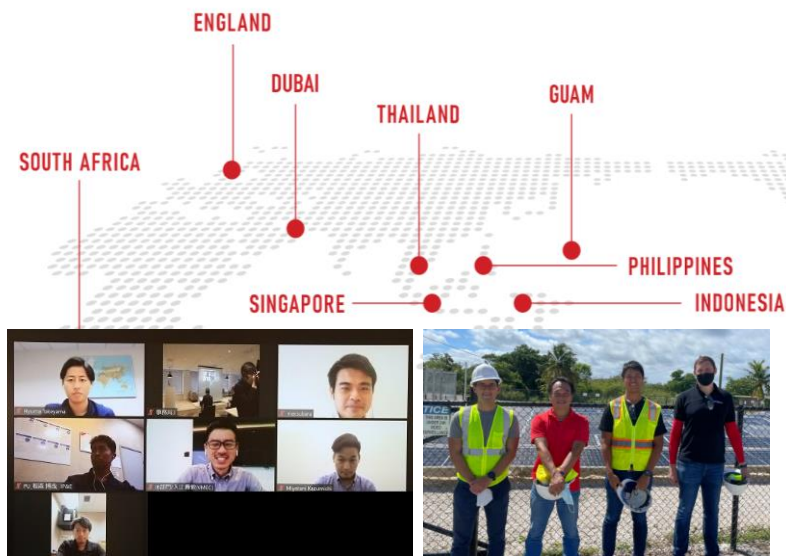
Qualitative Plan/Progress Status: Human Resources

Continuation of the provision of cross-functional training



- * We launched a cross-functional team (which was enhanced in fiscal 2021) comprising members across the Group to ensure that chemical reactions occur in a boundaryless fashion irrespective of departments they belong to or product they handle.
- * More than 300 staff members participated in the companywide cross-functional training program. Through such training, we continued to implement the exchange of human resources.

Overseas on-the-job training



- * We have dispatched 16 employees in total so far to Singapore, Thailand, the UAE (Dubai), the UK, etc.
- * We held an online interim reporting session for members dispatched under the second overseas assignment program (report on initiatives implemented and future issues).
- * Preparations are underway for dispatch under the third overseas assignment program.

Diversity

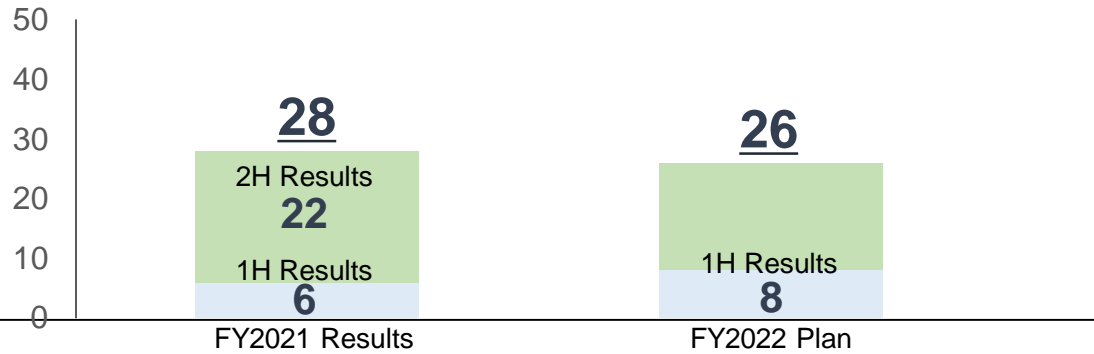


- * As part of efforts to develop young employees, we will continue to offer the Young Talent Appointment System.
- * We set out a target female manager ratio of 30% by 2035. In addition, we started to promote employees with regional positions to management positions.
- * We promoted diversity through the addition of LGBT-related content to level-specific training and holding of diversity-focused meetings, among other initiatives.

3. By segment/Progress in FY2022/1H and Policy for FY2022/2H

Home-Life

Changes in quarterly net profits



Main initiatives in the first half

1. Expanding and streamlining foundations

- ◇ Number of LPG retail customers: **563,000 households** (up 7,000 households from the end of the previous fiscal year)
⇒ Established a base of **approximately 4,000** retail customers in the Kanto area.

2. Digitalizing foundations

- ◇ Accelerated the implementation of the IO center (integrated operation center) and the CRM system (customer relationship management system) and conducted test operation in **5 areas nationwide**.
- ◇ Deployed **500 IDs** in the SFA (sales force automation system) and digitalized information on customer contact points and sales trends.
- ◇ Installed LPWA* at **388,000 households** (installation ratio: **69%**) and established an efficient management system.

3. Establishing group-based HRM (human resources management)

- ◇ Digitalized information on individual skills and prepared/implemented educational programs according to the level of human resource requirements.

Management policy for the second half

Value of business bases

~Changing our business bases into new value~

1. Expanding and streamlining foundations

- ◇ Expand retailing bases.
⇒ Secure **approximately 4,000** retailing bases in the Chugoku area.
- ◇ Review operation bases to take advantage of the acquisition of gold safety recognition.

2. Digitalizing foundations

- ◇ Implement the IO center and SFA. Facilitate full-scale operation and expansion in **4 areas**.
- ◇ Aim to install LPWA at **441,000 households** (installation ratio of **75%**).
- ◇ Digitalize customer points of contact/establishment of an official LINE account.

3. Establishing group-based HRM

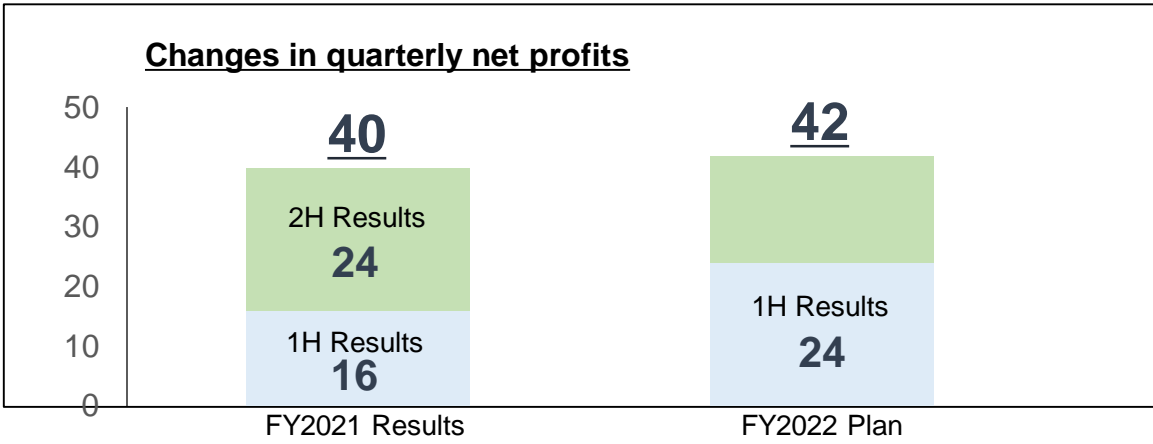
- ◇ Operate and enhance the learning management system.

4. Regional revitalization businesses

- ◇ Develop new services and new businesses to utilize our bases under the concept of solving regional social issues.

* LPWA: Lower power wireless communication technology and the automation of LPG gas meter reading and the process of starting and ending services

Car-Life



Main initiatives in the first half

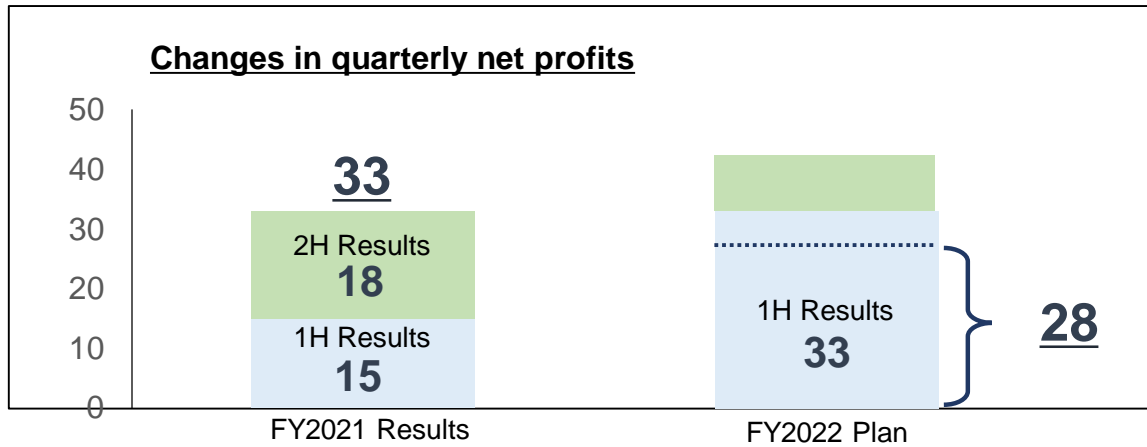
- **Maintaining and expanding the customer base**
 - ◇ New CS added to the affiliated network: 2 facilities Total number of CS in the affiliated network: 1,630 facilities
 - ◇ TERASEL Denki: 5,268 users ◇ Sales of electricity to companies: 61,840 kW
- **Improving productivity through business efficiency improvement**
 - ◇ Held online kick-off meetings in 7 areas nationwide with the participation of 768 CS facilities from 254 companies.
 - ◇ Facilitated the streamlining of sales administrative operations with the active use of information and digital technologies (such as online orders and invoices)
- **Investing proactively in auto ancillary businesses**
 - ◇ Invested in International Auto Auction Co., Ltd. (40% equity owned by the ENEX Group)
 - ◇ Increased the number of new facilities of ENEXFLEET's car purchase shops.
- **Promoting the use of alternative fuels instead of oil and further increasing such efforts**
 - ◇ Delivered renewable diesel for power generators installed (for race car trailers and pit illumination) in Super Formula and F1 races.

Management policy for the second half

Creating CS with an eye on the future
 ~Taking on challenges to respond to changes ~

- **Maintaining and expanding the customer base**
 - ◇ Strengthen store operation to create CS that customers are willing to visit.
 - ◇ Utilize IT and digital technologies to increase operational efficiency
- **Expanding auto ancillary businesses**
 - ◇ Strengthen the auction business by leveraging the group network.
 - ◇ Strengthen the car dealer business.
 - ◇ Expand the business of truck purchasing mainly through Enex Fleet
- **Preparations for the future**
 - ◇ Search for new business opportunities by utilizing test stores.
 - ◇ Facilitate entry into new business areas on the auto ancillary business.
 - ◇ Cultivate overseas business (Enex Fleet Vietnam and IP&E Palau)

Industrial Business



Main initiatives in the first half

- **Expanding products and services that reduce the environmental impact**
 - ◇ Expanded the renewable energy business
 - Our proposal was adopted for the verification of measures for reducing CO2 emissions in Osaka, Kansai, Japan Expo-related construction work, transportation services, etc. (Adopted for the Carbon Neutral Technology Development and Verification Project of Osaka Prefecture)
 - Commenced verification for large vehicle-based transportation on trunk lines between the Kanto area and the Chubu area.
 - Achieved a Japan first with the supply of renewable fuels for single-fuel combustion in ships.
 - ◇ Expanded the service of supporting the visualization of CO2 in earnest
 - Concluded an agreement with Bank of Yokohama for a service of supporting the visualization of CO2 and started to expand the business in earnest.
 - ◇ Created a dedicated department for the recycling business and strengthened it intensively
 - Commenced the recycling of used plastics in cooperation with Tokushima Co-op

Management policy for the second half

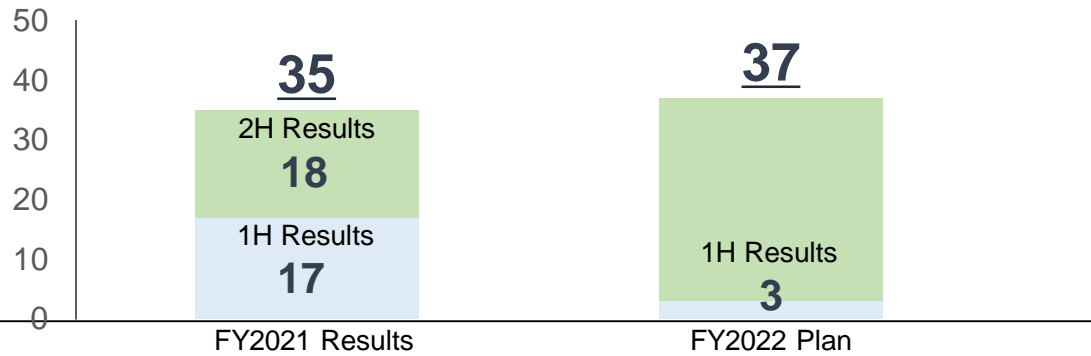
Responding to demand for decarbonization and passing along solution to the next generation

- **Full-scale cultivation of environment-related business and pursuit of business opportunities**
 - ◇ Structure for supplying AdBlue® expanded
 - ◇ Organize the supply system of renewable energy fuels and increase sales thereof
 - ◇ Promote 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
 - ◇ Strengthen businesses related to the inspection of industrial gas containers
- **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

* The industrial gas business was transferred from the Home-Life Division to the Industrial Business Division in the second half of FY2022.

Power & Utility

Changes in quarterly net profits



Main initiatives in the first half

- Introduced a profitability-focused sales system and an original fuel expense adjustment scheme.
- Implemented a demonstration test of the TERASEL CAR SHARE community EV car sharing service.
- Installed 11 self-consumption PV facilities in Japan and Thailand.
- Commenced the operation of a solar power-based agricultural business.
- Commenced the CO2-based soybean cultivation research project in cooperation with Saga City, Saga Prefecture, Saga University and FUJI OIL HOLDINGS INC.

Management policy for the second half

Power to Connect Customers, Environmental Business for the Future

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~

- ❑ Facilitate development with a focus on small- to medium-sized PV panels and storage batteries.
- ❑ Strengthen initiatives for the development of self-consumption renewable energy in Japan and overseas.
- ❑ Strengthen initiatives for solar sharing, or a solar power-based agricultural business.
- ❑ Start TERASEL CAR SHARE Service
- ❑ Implement a black pellet co-firing test at a coal-fired power plant.

TERASEL SOLAR
テラセルソーラー



Appendix

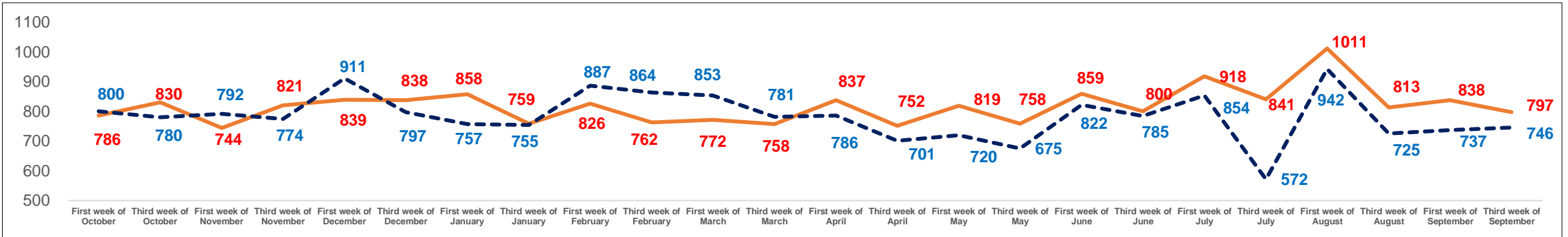
Appendix

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

— Most recent 1 year (Oct. 2021 - Sep. 2022) - - - - - Year ago value

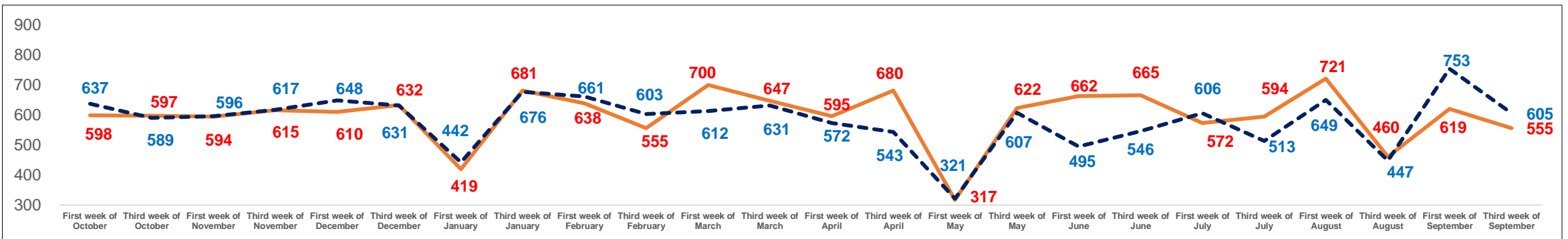
Weekly shipment volume of gasoline

Unit: Thousand kiloliters



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 (September to August, national statistics)

Unit: Thousand tons

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

	March			April			May			June			July			August			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	764	806	+5%	616	621	+1%	522	529	+1%	494	499	+1%	458	448	-2%	405	402	-1%	7,179	7,358	+2%
For cars	31	31	-0%	30	31	+3%	26	30	+15%	30	32	+5%	33	34	+2%	31	32	+2%	378	375	-1%
Total	795	837	+5%	646	652	+1%	548	559	+2%	524	530	+1%	491	482	-2%	436	434	-0%	7,557	7,733	+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) (October to September, national statistics)

Unit: Thousand units

	October			November			December			January			February			March		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
Standard-sized and compact cars	221	151	-32%	219	189	-14%	211	191	-9%	208	182	-9%	227	185	-19%	329	285	-14%
Kei cars	118	80	-33%	118	103	-13%	105	89	-15%	116	91	-22%	135	105	-22%	181	142	-22%
Total	340	230	-32%	337	292	-13%	315	280	-11%	325	272	-16%	362	290	-20%	510	426	-16%

	April			May			June			July			August			September			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	183	154	-16%	166	136	-18%	198	170	-14%	213	187	-12%	176	154	-12%	170	212	+25%	2,520	2,194	-13%
Kei cars	106	91	-15%	96	75	-21%	99	98	-0%	97	101	+5%	88	80	-9%	87	113	+30%	1,345	1,168	-13%
Total	288	244	-15%	262	212	-19%	297	268	-10%	309	288	-7%	264	234	-11%	257	325	+26%	3,865	3,362	-13%

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

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