

# **ITOCHU ENEX CO., LTD.**

(TSE Prime, 8133)

## **FY2022 Financial Results for First Six Months**

Oct 31, 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<sup>(\*)</sup> 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)

- ◇ **Overview of Consolidated Financial Results for First Six Months of FY2022**
  - (1) Overview of the Entire Company
  - (2) Overview by Segment
  
- ◇ **Appendix**

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

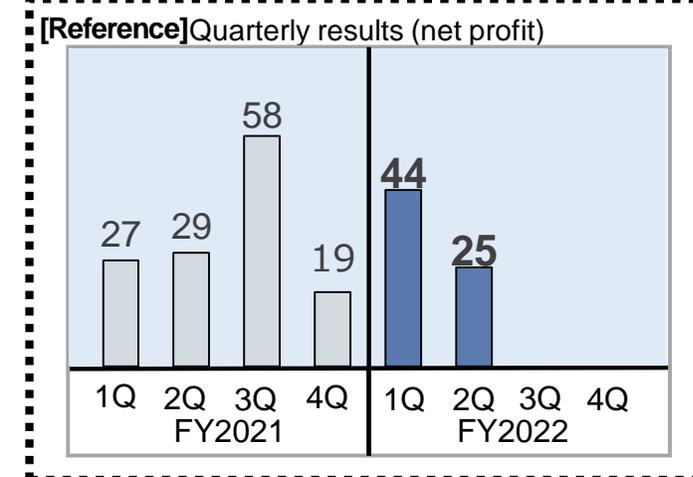
# Summary of Financial Results for 1H/FY2022



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

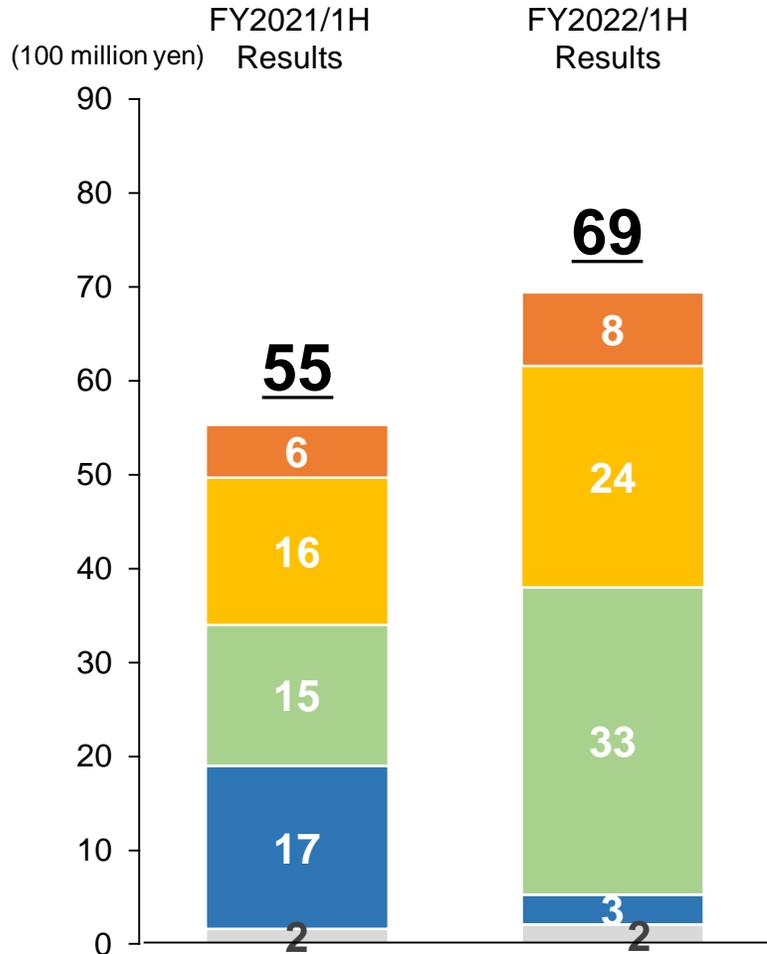
| (100 million yen)   | FY2021/1H Results | FY2022/1H Results | Changes | FY2022 Plan | Achievement rate |
|---|-------------------|-------------------|---------|-------------|------------------|
| Net sales   | 3,981             | 4,995             | +1,014  | 10,000      | 50%              |
| Gross 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<sup>(\*)</sup> retailing business in the Car-Life Business.



# Net Profit by Segment

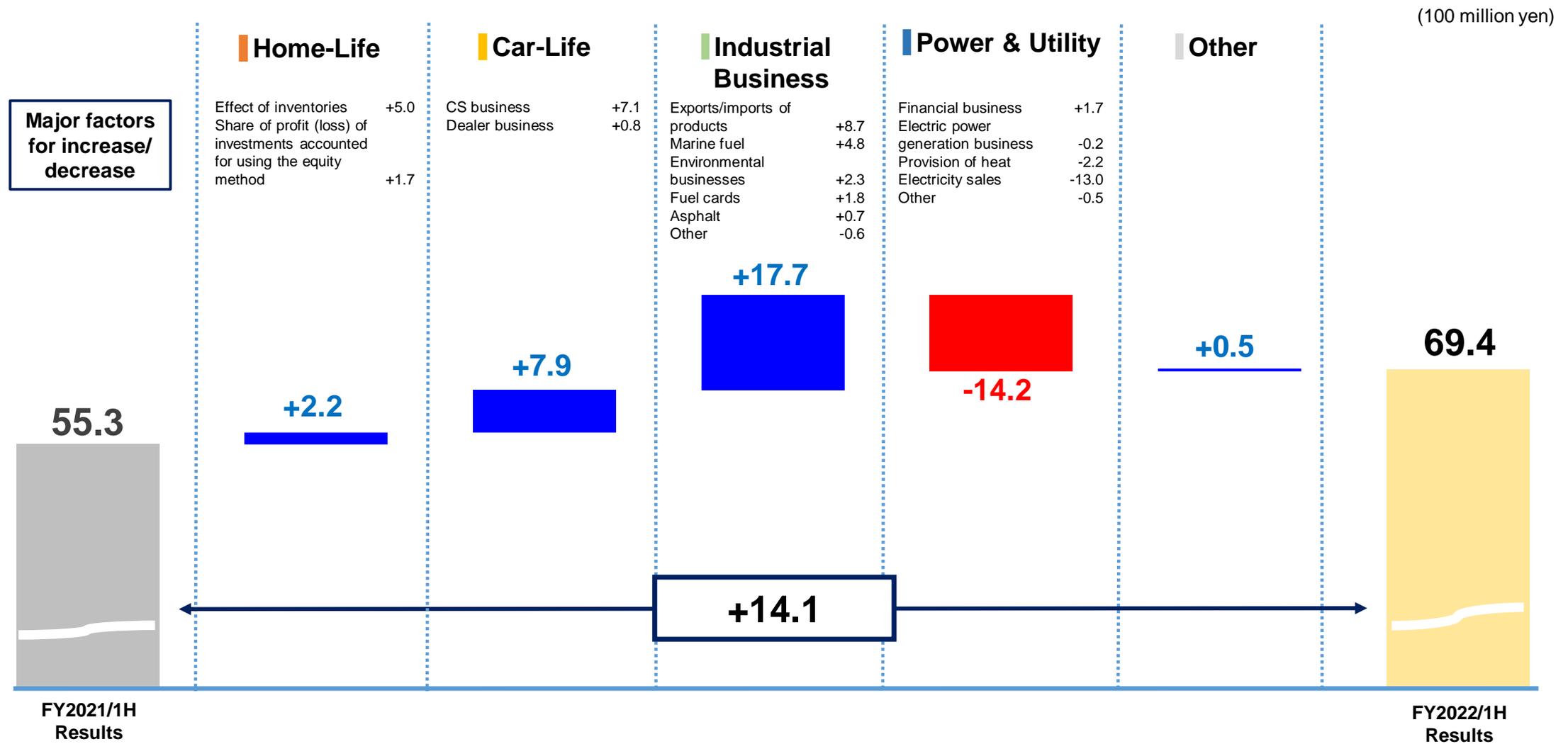
Profit increased thanks to the steady performance of the Industrial Business and Car-Life Business.



## 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

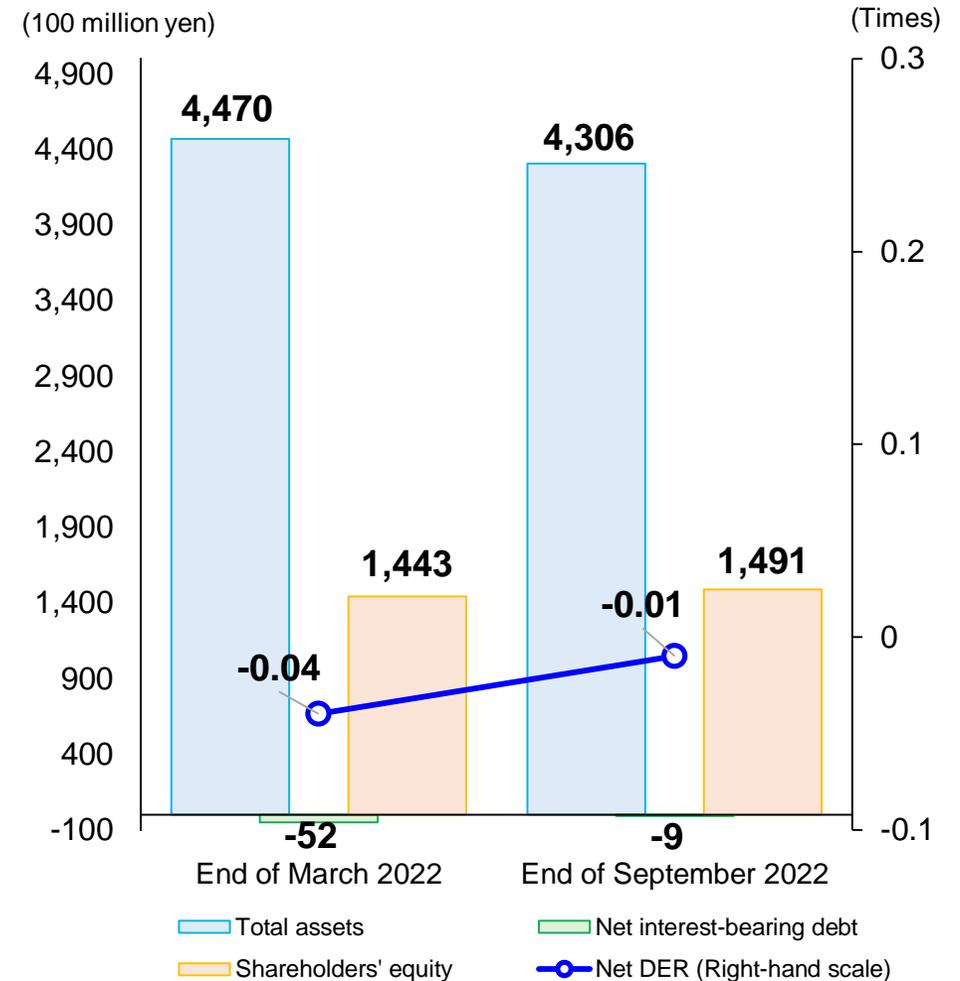


# Financial Position

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

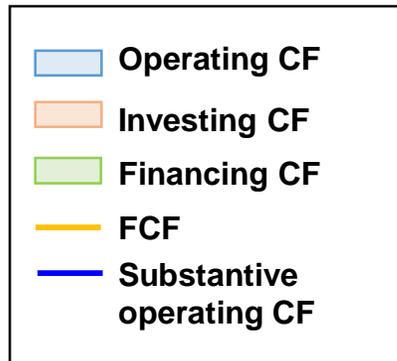
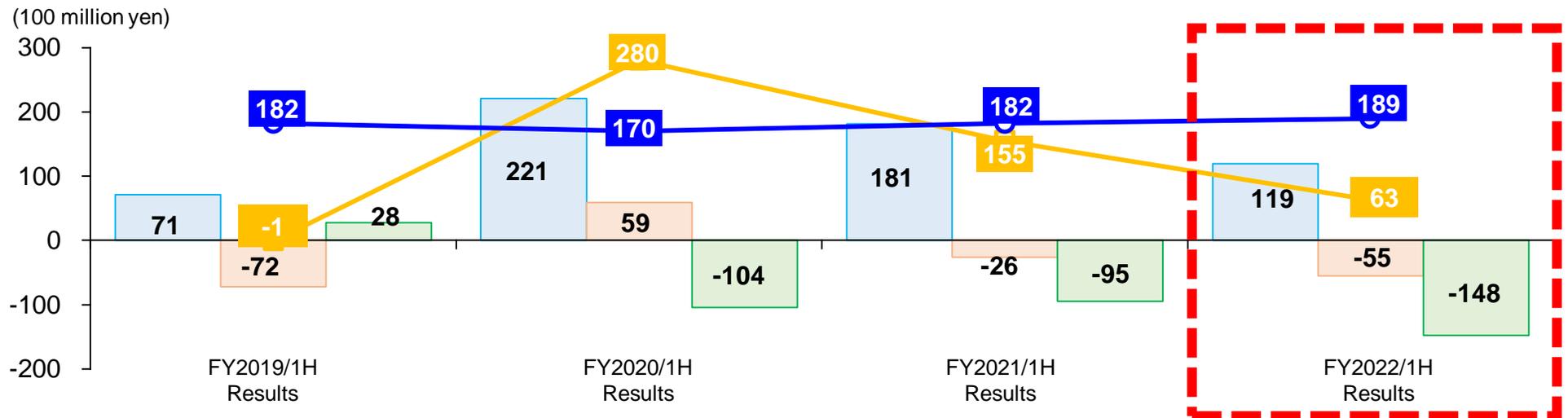
Continued to create ample cash flows from operating activities

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

## Substantive cash flows

|                                      |     |     |     |            |
|--------------------------------------|-----|-----|-----|------------|
| Substantive operating cash flows (*) | 182 | 170 | 182 | <b>189</b> |
|--------------------------------------|-----|-----|-----|------------|

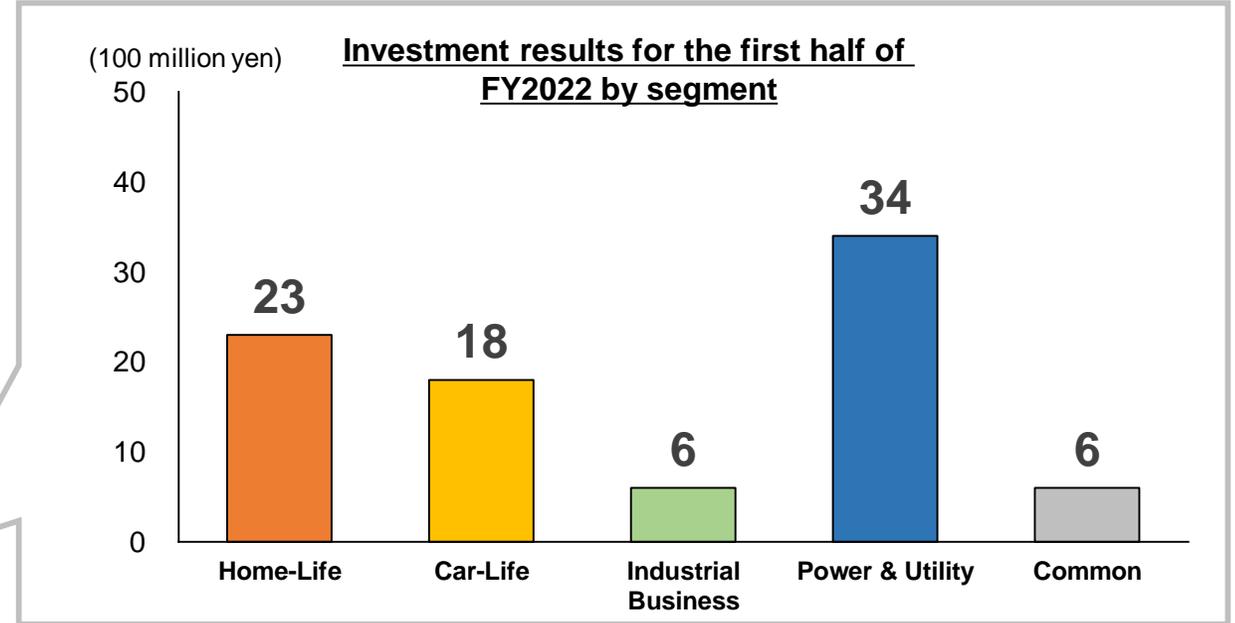
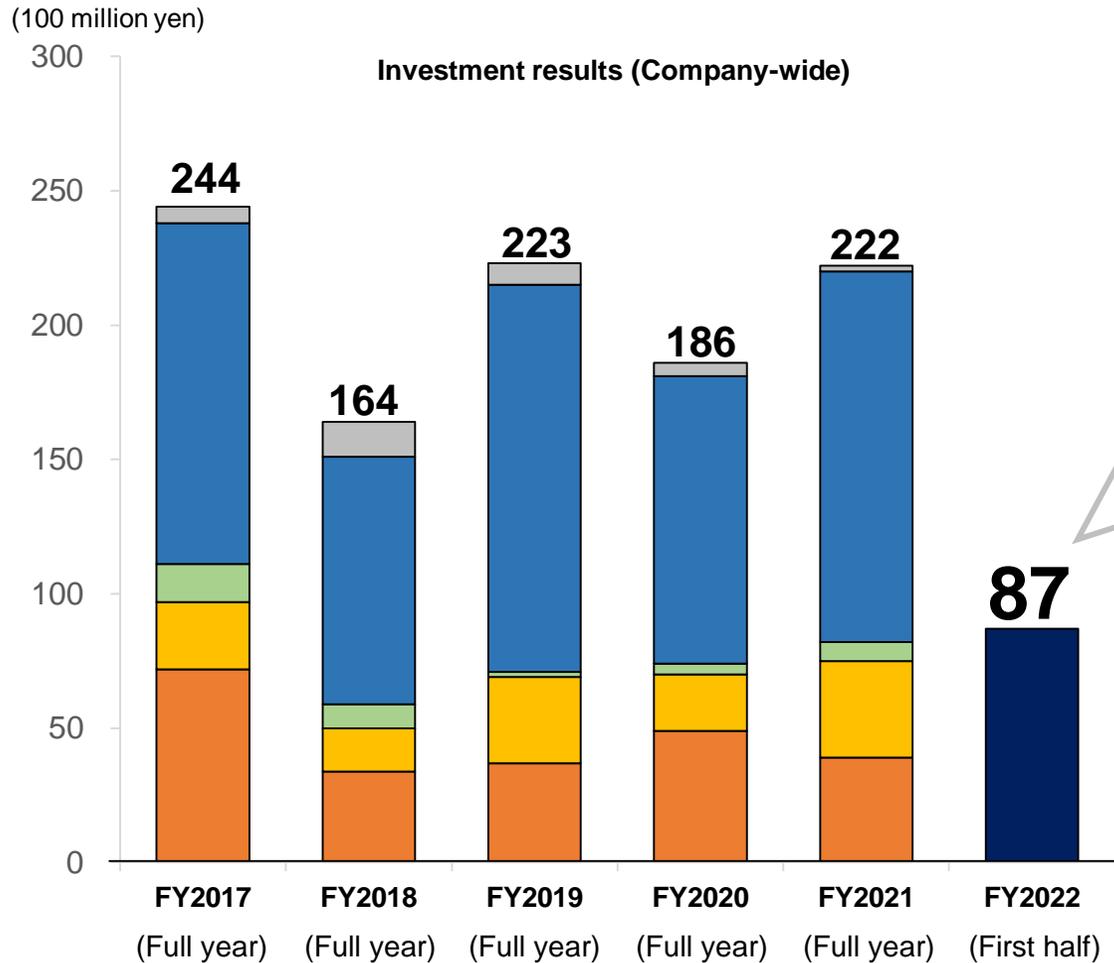
(\*) Operating CF – Increase/decrease in working capital



# 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.   |

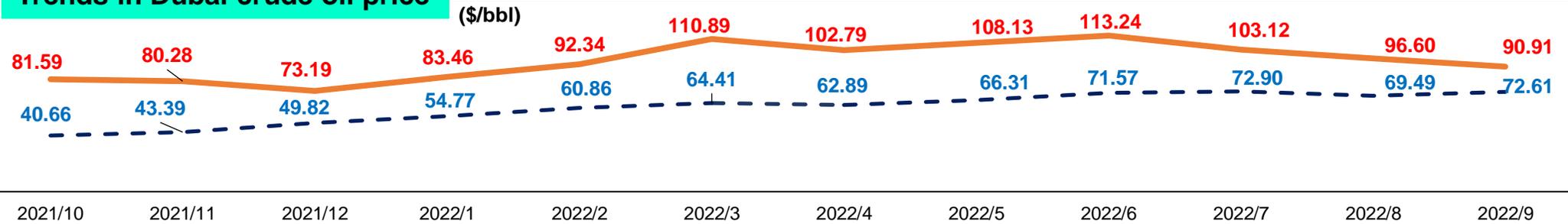
(\*) Abbreviation for Low Power Wide Area. Communication method for achieving long-distance telecommunication with reduced power consumption.

# (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

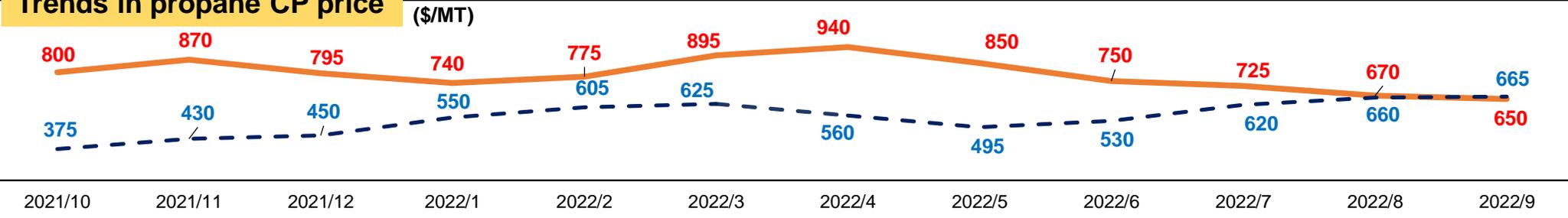
## Trends in Dubai crude oil price



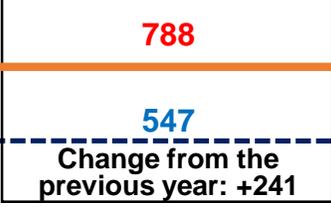
## Average price



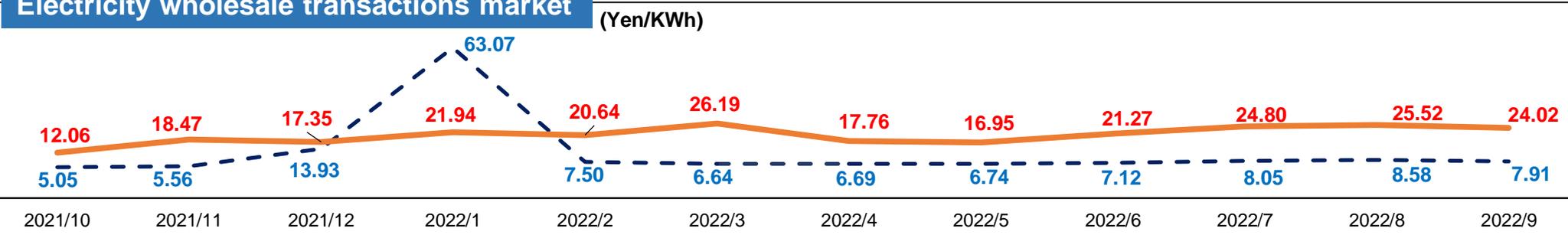
## Trends in propane CP price



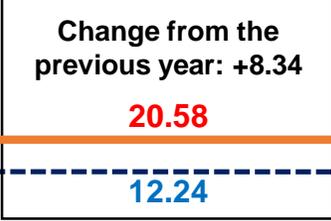
## Average price



## Electricity wholesale transactions market



## Average price



# Overview of Consolidated Financial Results for First Six Months of FY2022

## (2) Overview by Segment

# Results by Segment

|                     |                  |                      |                      |         |                     | (100 million yen) |                     |
|---------------------|------------------|----------------------|----------------------|---------|---------------------|-------------------|---------------------|
|                     |                  | FY2021/1H<br>Results | FY2022/1H<br>Results | Changes | Rate of<br>change % | FY2022 Plan       | Achievement<br>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

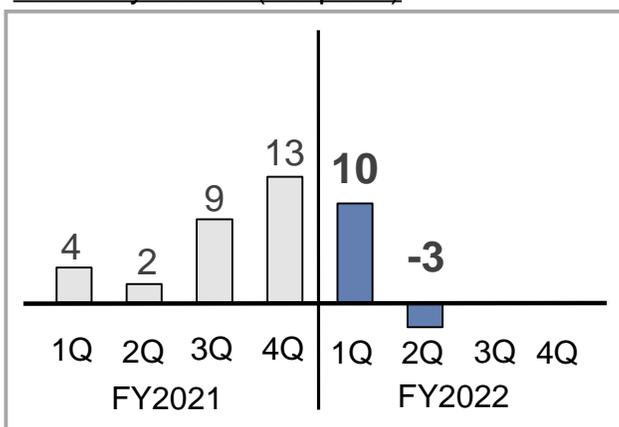


Profit increased mainly due to the acquisition of new customers, the effect of inventories and the contribution by associates accounted for by the equity method.

|   | FY2021/1H Results | FY2022/1H Results | Changes | Major factors for increase/decrease (Net profit)   | 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.<br>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      |  |             |                  |
| <b>Net profit</b>   | 6                 | 8                 | +2      |  |             | 26               |

(100 million yen)

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%     |

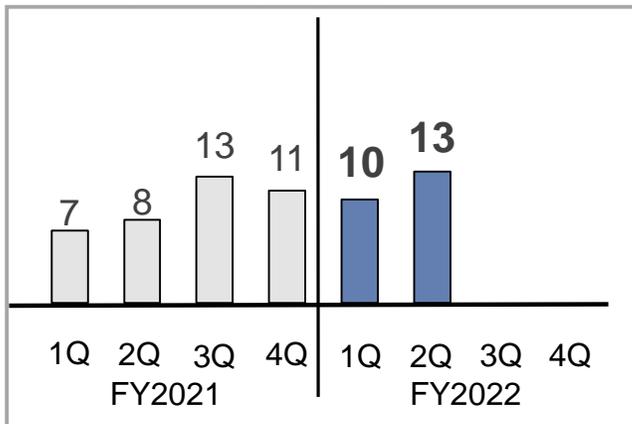
# Car-Life

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

|   | FY2021/1H Results | FY2022/1H Results | Changes | Major factors for increase/decrease (Net profit)   | FY2022 Plan | Achievement rate |
|---|-------------------|-------------------|---------|--|-------------|------------------|
| Gross profit  | 226               | <b>238</b>        | +13     | 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. 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. |             |                  |
| Selling, general and administrative expenses                                | -194              | <b>-197</b>       | -3      |  |             |                  |
| Operating profit  | 32                | <b>44</b>         | +12     |  |             |                  |
| Share of profit (loss) of investments accounted for using the equity method | 0                 | <b>0</b>          | -0      |  |             |                  |
| <b>Net profit</b>   | 16                | <b>24</b>         | +8      |  | 42          | 56%              |

(100 million yen)

Quarterly results (net profit)



Profit (loss) of major affiliates

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

Sales volumes

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

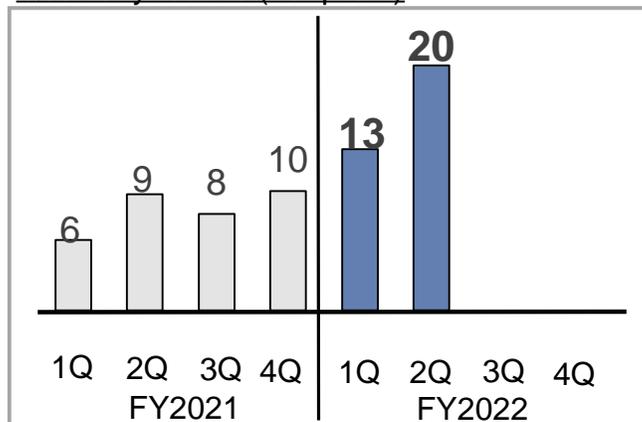
|   | FY2021/1H Results | FY2022/1H Results | Changes |
|---|-------------------|-------------------|---------|
| Gross profit  | 41                | <b>72</b>         | +31     |
| Selling, general and administrative expenses                                | -19               | <b>-21</b>        | -2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

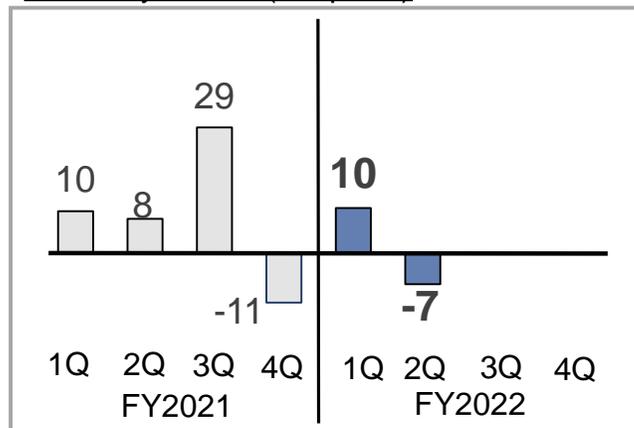
|   | FY2021/1H Results | FY2022/1H Results | Changes    |
|---|-------------------|-------------------|------------|
| Gross profit  | 54                | 35                | -19        |
| Selling, general and administrative expenses                                | -26               | -29        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

**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.

# Appendix

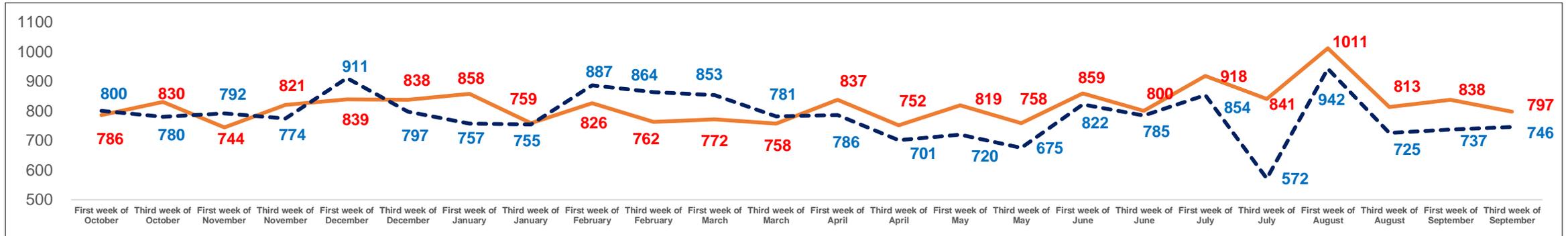
# Appendix

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

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

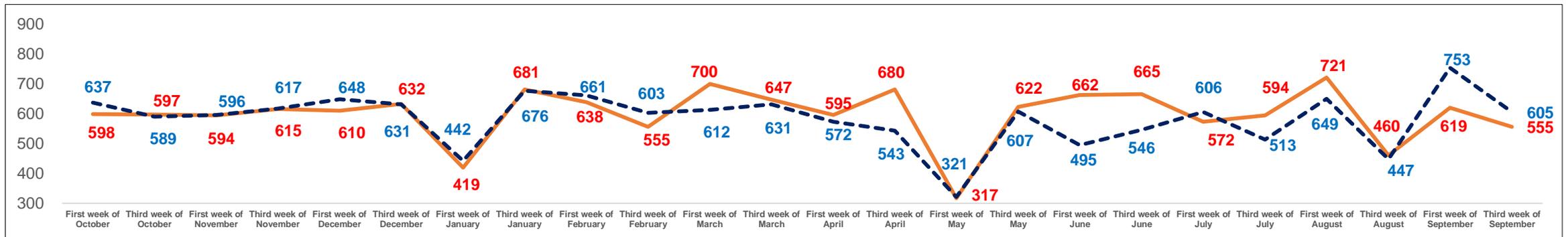
### Weekly shipment volume of gasoline

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%    |
| <i>Kei</i> 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%    |
| <i>Kei</i> 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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