

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

FY2023 Financial Results for First Nine Months

January 31, 2024

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

FY2023 Financial Results for First Nine Months

- **Quarterly net profits** increased 2.4 billion yen year on year, to **13.2 billion yen**.
- Profit increased thanks to the contribution by the car dealer businesses, coupled with gains on the sale of fixed assets for the replacement of assets, although the Industrial Business segment experienced a reactionary decline from the strong performance it had recorded in the same period a year earlier.

Net sales

709.4 billion yen (-7.0% year on year)

Operating profit

22.5 billion yen (+32.7% year on year)

Gross profit

66.7 billion yen (-0.6% year on year)

Net profit

13.2 billion yen (+22.6% year on year)

-
- ◇ **Overview of Consolidated Financial Results for First Nine Months of FY2023**
 - (1) Overview of the Entire Company
 - (2) Overview by Segment

 - ◇ **Appendix**

Overview of Consolidated Financial Results for First Nine Months of FY2023

(1) Overview of the Entire Company

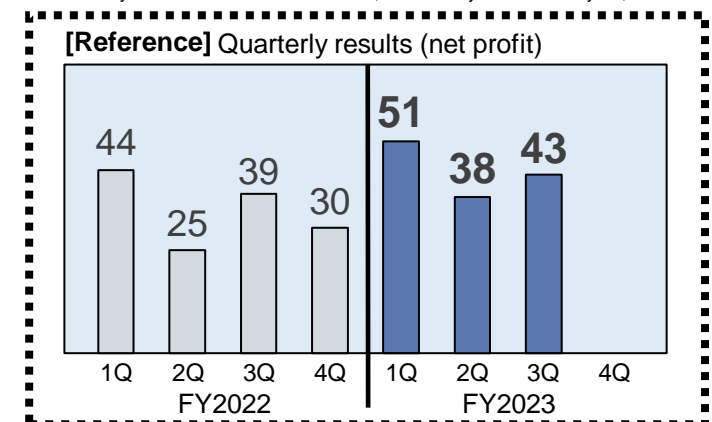
Summary of Financial Results for 1Q to 3Q/FY2023

(100 million yen)	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
Net sales	7,630	7,094	-536
Gross profit	671	667	-4
Selling, general and administrative expenses	-502	-511	-9
Loss (gain) related to fixed assets	-3	62	+64
Operating profit	169	225	+55
Share of profit (loss) of investments accounted for using equity method	16	11	-6
Net profit	108	132	+24
Ratio of SG&A expenses to gross profit	74.8%	76.6%	+1.8 pt
Dividends (yen/share)	24	26	+2

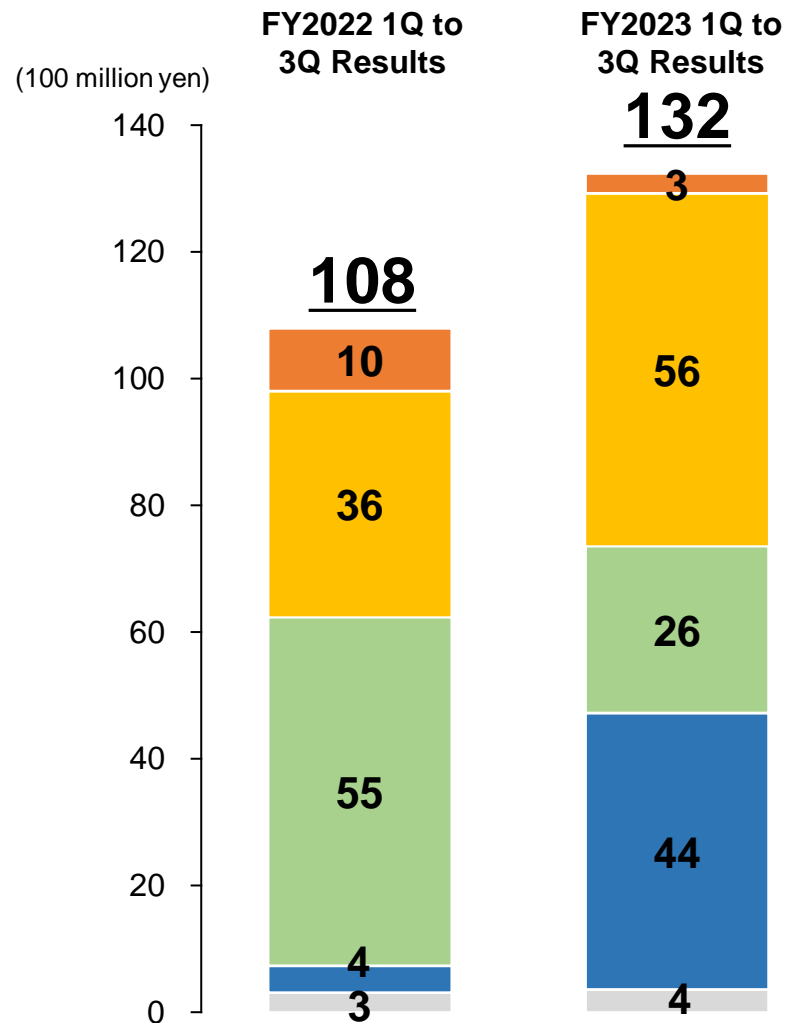
- Quarterly net profits increased 2.4 billion yen year on year, to 13.2 billion yen.
- Profit increased thanks to the strong performance of **the car dealer businesses**, coupled with **gains on the sale of fixed assets for the replacement of assets**, although **the Industrial Business segment** experienced a reactionary decline from the strong performance it had recorded in the same period a year earlier.

FY2023 Plan	Achievement rate
9,700*	73%
209	108%
135	98%

* The full-year consolidated earnings forecast for net sales was revised to 970 billion yen from an initial forecast of 1,200 billion yen on January 31, 2024.



Net Profit in 1Q to 3Q by Segment



Major factors for increase/decrease

Home-Life (YoY: -¥700 million, Percent of the plan achieved: 12%)

Profit decreased due to the impact of fluctuations in inventory unit prices on margins following a drop in the LP gas import price.

Car-Life (YoY: +¥2,000 million, Percent of the plan achieved: 129%)

Profit increased due to contribution by the car dealer business and a gain on the sale of former CS sites.

Industrial Business (YoY: -¥2,900 million, Percent of the plan achieved: 85%)

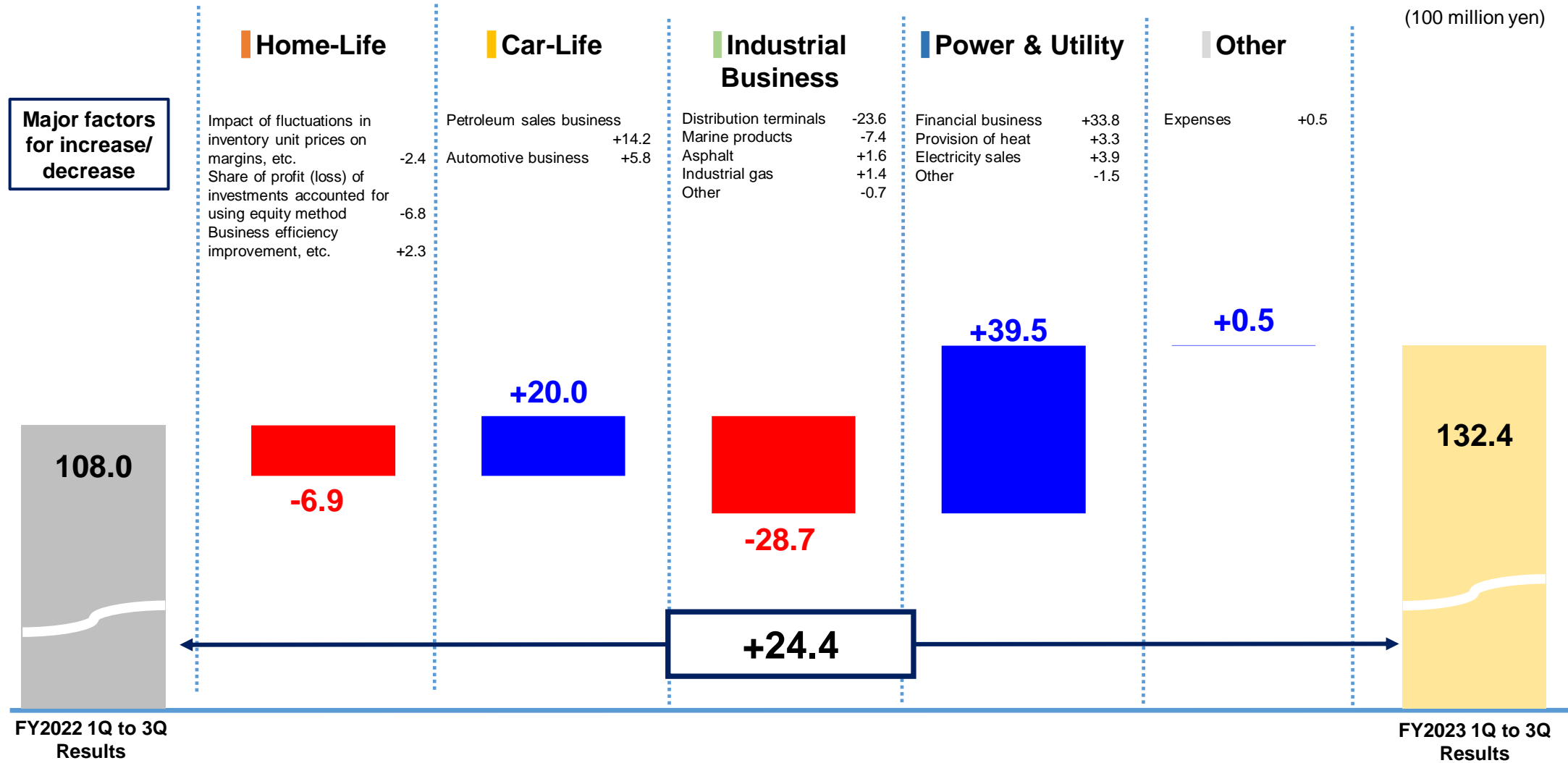
Profit decreased due to the reactionary decline in the marine fuel business and in the distribution terminal business, both of which achieved strong performances in the same period in the preceding year.

Power & Utility (YoY: +¥3,900 million, Percent of the plan achieved: 118%)

Profit rose significantly, reflecting the improvement of the electricity retailing business and gains on the sale of mega solar plants.

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

Analysis of Net Profit in 1Q to 3Q by Segment

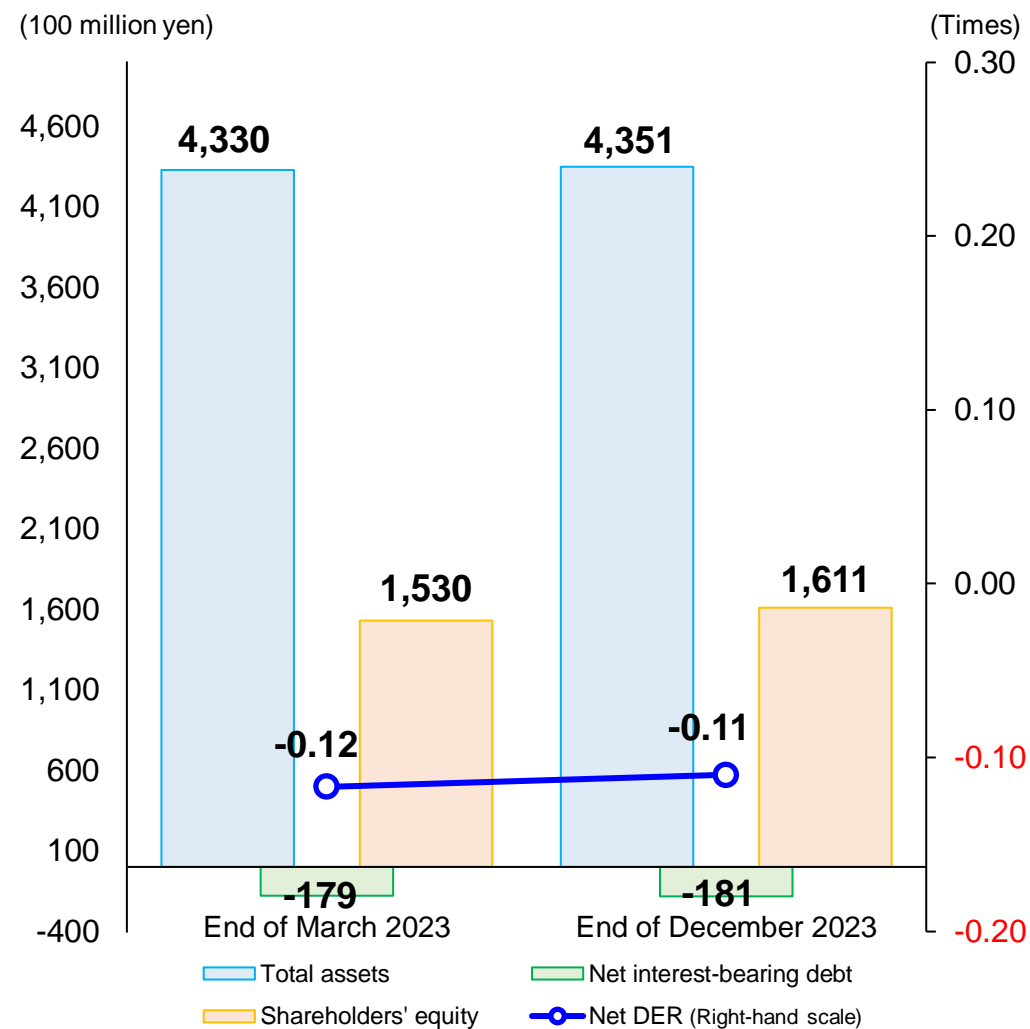


Financial Position

Trade receivables increased under the impact of seasonal and other factors

- Total assets:** Increased **2.0 billion yen** from the end of the previous year to **435.1 billion yen**, reflecting an increase in trade receivables due to seasonal and other factors.
- Shareholders' equity:** Increased **8.2 billion yen** from the end of the previous year to **161.1 billion yen**, mainly reflecting a rise in net profit.
- PBR:** Improved by 0.25 from the end of the previous year to **1.08 times** due to higher share prices.

(100 million yen)	End of March 2023 Results	End of December 2023 Results	Changes
Total assets	4,330	4,351	+20
Net interest-bearing debt	-179	-181	-3
Shareholders' equity	1,530	1,611	+82
Ratio of shareholders' equity to net assets	35.3%	37.0%	+1.7 pt
Net DER	-0.12	-0.11	+0.01
PBR	0.83	1.08	+0.25



Cash Flows

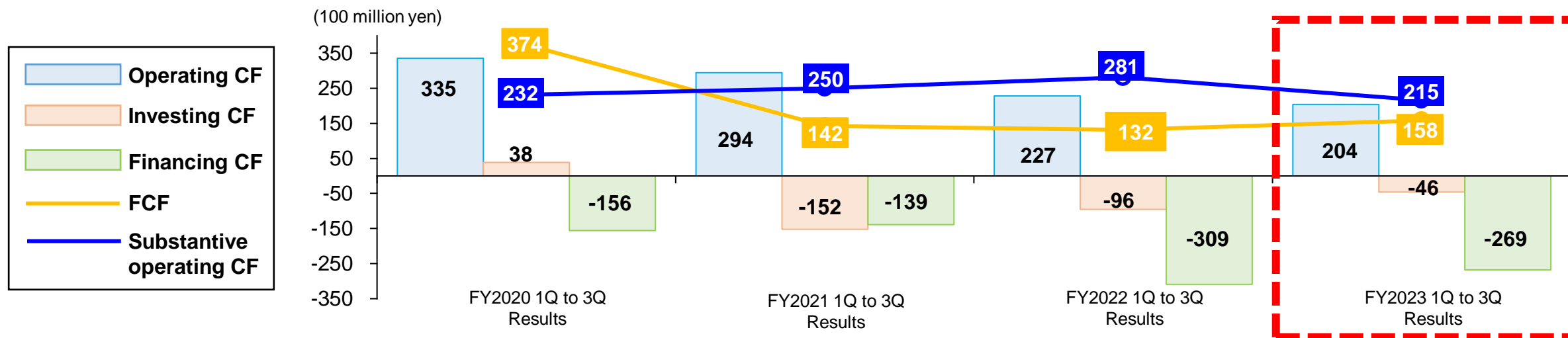
Continued to create sufficient cash flows from operating activities.

Cash Flows (100 million yen)	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results
Cash flows from operating activities	335	294	227	204
Cash flows from investing activities	38	-152	-96	-46
(Free cash flows)	374	142	132	158
Cash flows from financing activities	-156	-139	-309	-269

Substantive cash flows

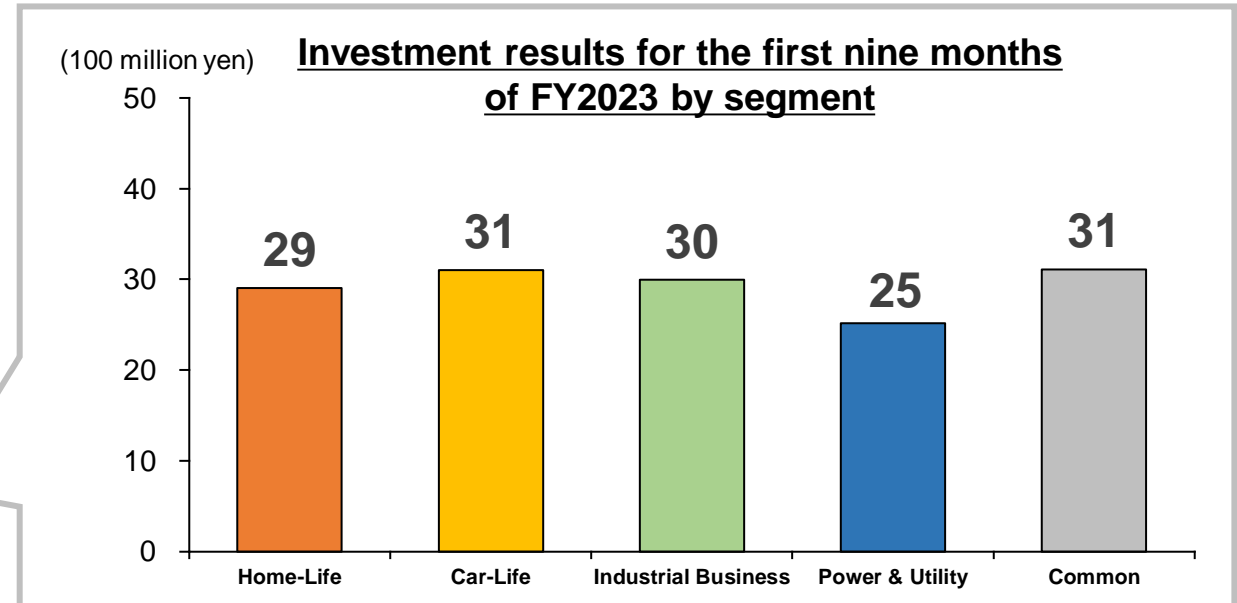
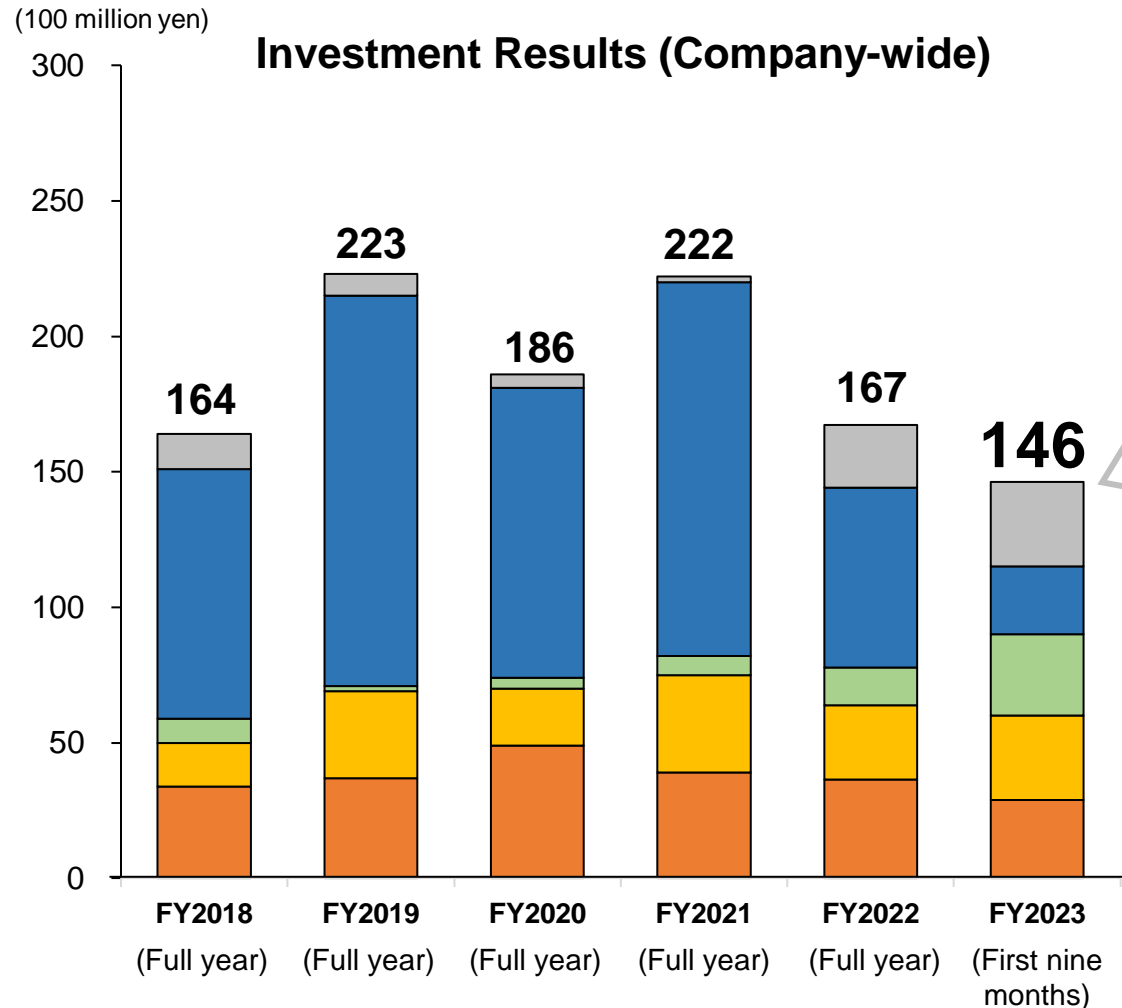
Substantive operating cash flows (*)	232	250	281	215
--------------------------------------	-----	-----	-----	-----

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



Investment Trends

Started new initiatives such as the acquisition of business rights and investments in power plants and DX.



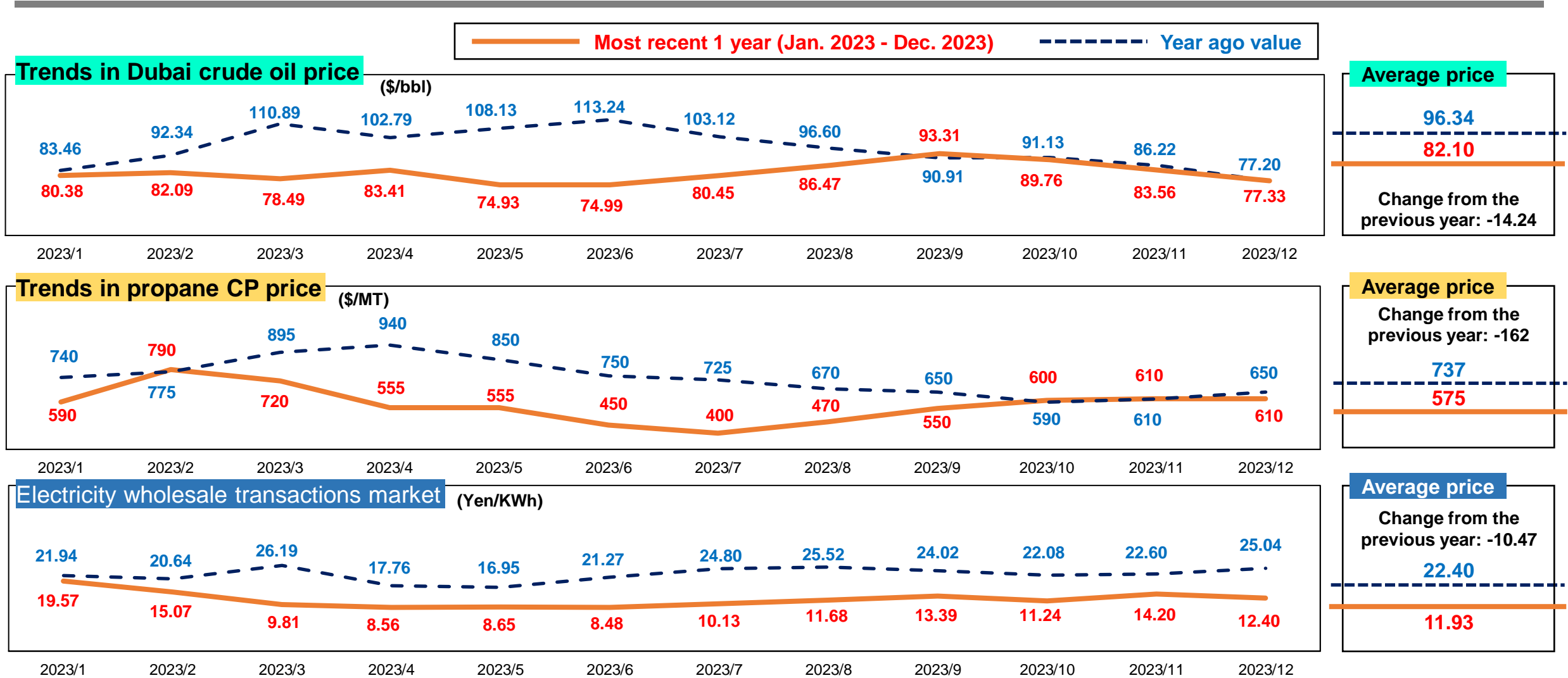
Major new and strategic investment results

Home-Life	Acquisition of business rights, investment in LPWA (*), etc.
Car-Life	Investment in the automotive aftermarket, etc.
Industrial Business	New construction of industrial gas-related facilities, investment in the modified asphalt business, etc.
Power & Utility	Investment in photovoltaic power generation and solar power and demand-response solutions
Common	Construction of new core systems, building of training facilities, and others

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

(Reference) Market Trends

Crude oil prices were on a declining trend while CP and power prices remained flat.



Overview of Consolidated Financial Results
for First Nine Months of FY2023
(2) Overview by Segment

Results by Segment

(100 million yen)		FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes	Rate of change %	FY2023 Plan	Achievement rate
Company-wide	Net sales	7,630	7,094	-536	-7.0%	9,700*	73%
	Operating profit	169	225	+55	+32.7%	209	108%
	Net profit	108	132	+24	+22.6%	135	98%
Home-Life	Net sales	586	497	-89	-15.2%	—	—
	Operating profit	6	3	-2	-38.5%	—	—
	Net profit	10	3	-7	-68.6%	27	12%
Car-Life	Net sales	4,257	4,603	+346	+8.1%	—	—
	Operating profit	67	103	+36	+54.0%	—	—
	Net profit	36	56	+20	+56.2%	43	129%
Industrial Business	Net sales	1,909	1,082	-827	-43.3%	—	—
	Operating profit	80	37	-43	-53.5%	—	—
	Net profit	55	26	-29	-52.2%	31	85%
Power & Utility	Net sales	878	912	+33	+3.8%	—	—
	Operating profit	11	74	+63	+552.8%	—	—
	Net profit	4	44	+39	+944.7%	37	118%

* The full-year consolidated earnings forecast for net sales was revised to 970 billion yen from an initial forecast of 1,200 billion yen on January 31, 2024.

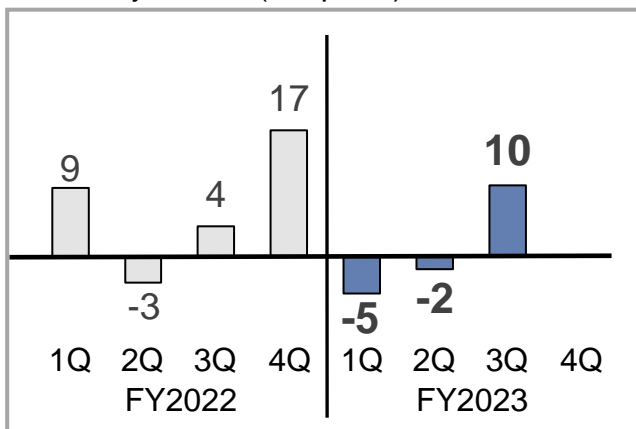
Home-Life

Profit decreased due to the impact of fluctuations in inventory unit prices on margins following a drop in the LP gas import price.

(100 million yen)

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	126	120	-6	<p>The number of customers under direct contract rose approx. 10,000 from the end of the previous fiscal year, to approx. 574,000, reflecting the acquisition of new customers and business rights. The LP gas sales volume decreased year on year due mainly to the average temperature was higher than in the same period of the previous year.</p> <p>Profit slid due to a fall in the LP gas import price, which led to a negative impact from fluctuations in inventory unit prices on margins.</p>		
Selling, general and administrative expenses	-122	-119	+2			
Operating profit	6	3	-2			
Share of profit (loss) of investments accounted for using equity method	11	4	-7			
Net profit	10	3	-7			27

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	3	3	-1
ECORE (The Company's equity 51%)	3	3	-1
ENEARC (The Company's equity 50%)	3	2	-1

Number of customers (1,000)

	End of March 2023	End of December 2023	Changes
Number of customers under direct LP gas supply contracts	565	574	+10

Sales volumes

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
LP gas (thousand tons)	311	292	-6%

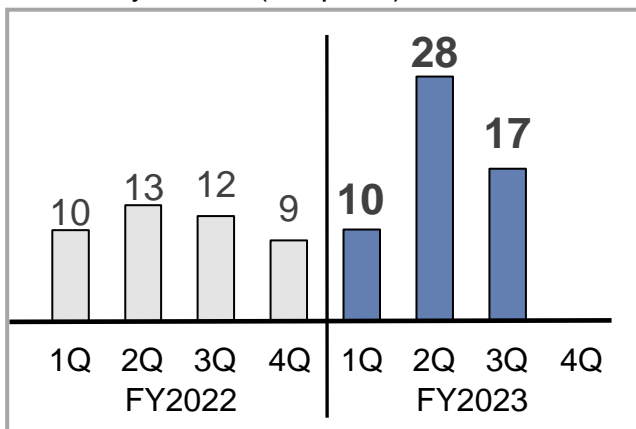
Car-Life

Profit increased due to contribution by the car dealer business and a gain on the sale of former CS sites.

(100 million yen)

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	360	393	+33	The number of CS decreased by 30 from the end of the previous fiscal year to 1,580. The sales volume of oil products was higher than in the same period of the previous year as demand trended higher. The number of cars sold increased year on year, reflecting strong deliveries of new cars due to a recovery in the supply of semiconductors. In terms of profitability, the brisk performance of the car dealer business and a temporary gain on the sale of former CS sites resulted in profit growth.		
Selling, general and administrative expenses	-296	-304	-8			
Loss (gain) related to fixed assets	-1	12	+13			
Operating profit	67	103	+36			
Share of profit (loss) of investments accounted for using equity method	0	1	+1			
Net profit	36	56	+20			43

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
ENEX FLEET	17	21	+4
Osaka Car Life Group (The Company's equity 51.95%)	8	14	+6

Sales volumes

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
Gasoline (thousand KL)	1,627	1,625	-0%
Diesel oil (thousand KL)	1,877	2,091	+11%
New cars (thousand units)	18	20	+10%
Used cars (thousand units)	13	14	+3%

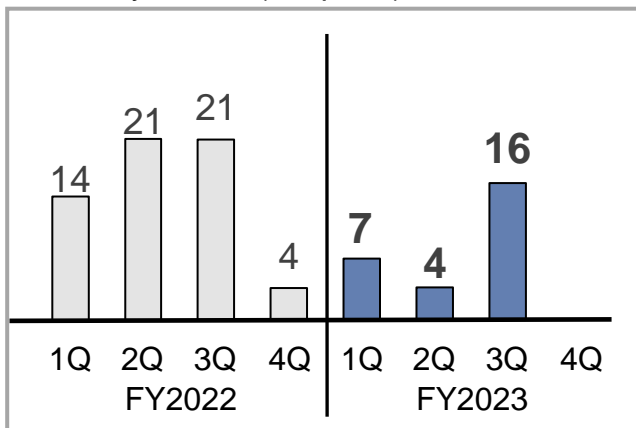
Industrial Business

Profit decreased following a reactionary fall in the distribution terminal business, which had performed strongly in the same period a year earlier.

(100 million yen)

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	132	86	-46	In the marine fuel business, the sales volume decreased year on year after a partial contraction of transactions for ocean-going vessels. In the AdBlue sales business, the sales volume was higher year on year, following good progress in the development of sales channels. In terms of profitability, the absence of strong performances, such as those recorded mainly by the distribution terminal business and the marine fuel sales business in the same period a year earlier, resulted in lower profits, despite the robust results of the asphalt sales business and the industrial gas business.		
Selling, general and administrative expenses	-45	-47	-1			
Operating profit	80	37	-43			
Share of profit (loss) of investments accounted for using equity method	1	1	+0			
Net profit	55	26	-29			31

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
ITOCHU INDUSTRIAL GAS	3	4	+1

Sales volumes

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
Heavy fuel oil (thousand KL)	1,259	779	-38%
Asphalt (thousand tons)	167	204	+23%
Industrial gas (thousand tons)	49	49	-1%
AdBlue (thousand KL)	72	80	+11%

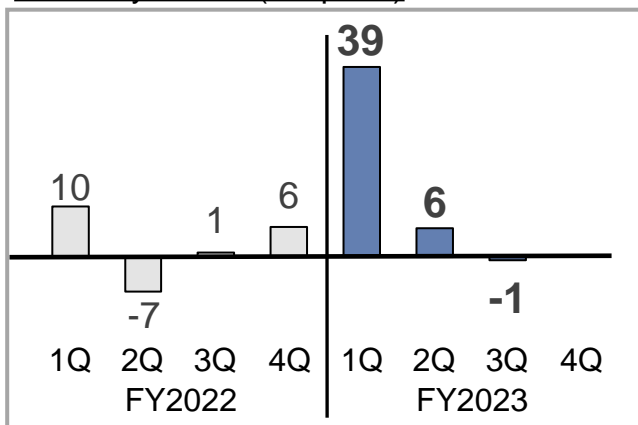
Power & Utility

Profit rose significantly, reflecting the improvement of the electricity retailing business and gains on the sale of mega solar plants.

(100 million yen)

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	53	68	+15	<p>With respect to the sales volume of the electricity retailing business, the result of low-voltage power surpassed the year-ago level, attributable to the acquisition of new contracts, while that of high-voltage power declined year on year due to the implementation of profitability-focused sales. As a result, overall sales fell 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.</p> <p>In terms of profitability, the improvement of the electricity retailing business on the back of the revision of sales prices and a temporary gain on the sale of large-scale photovoltaic power generation plants (mega solar power plants) resulted in significant profit growth.</p>		
Selling, general and administrative expenses	-45	-48	-3			
Loss (gain) related to fixed assets	-1	49	+50			
Operating profit	11	74	+63			
Share of profit (loss) of investments accounted for using equity method	4	4	+0			
Net profit	4	44	+39			37

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes
ENEX Electric Power Group	8	8	-0
ENEX LIFE SERVICE	2	4	+2
Tokyo Toshi Service Company (The Company's equity 66.6%)	6	9	+3
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	5	3	-2

Number of customers (in thousands)

	End of March 2023	End of December 2023	Changes
Number of power supply destinations (company-wide total)	334	319	-14

Sales volumes

	FY2022 1Q to 3Q Results	FY2023 1Q to 3Q Results	Changes	
Electricity Retail (GWh)*	1,541	1,448	-6%	
Breakdown	Sales of high voltages*	980	697	-29%
	Sales of low voltages*	561	751	+34%
Steam (thousand tons)	302	246	-19%	
Heat quantity (TJ)	965	1,041	+8%	

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

Appendix

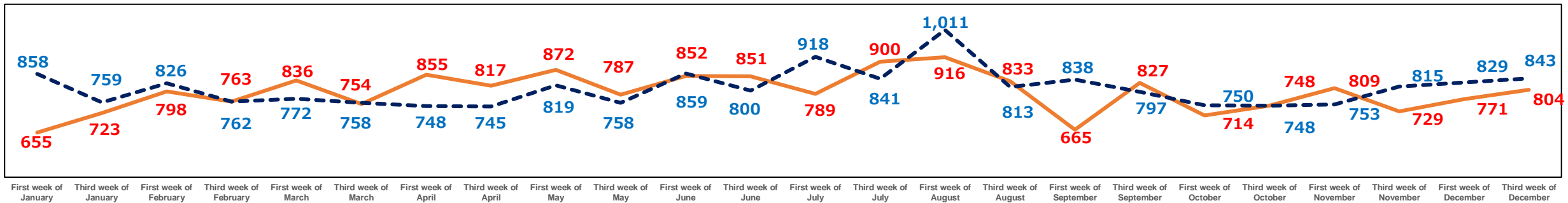
Appendix

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

Weekly shipment volume of gasoline

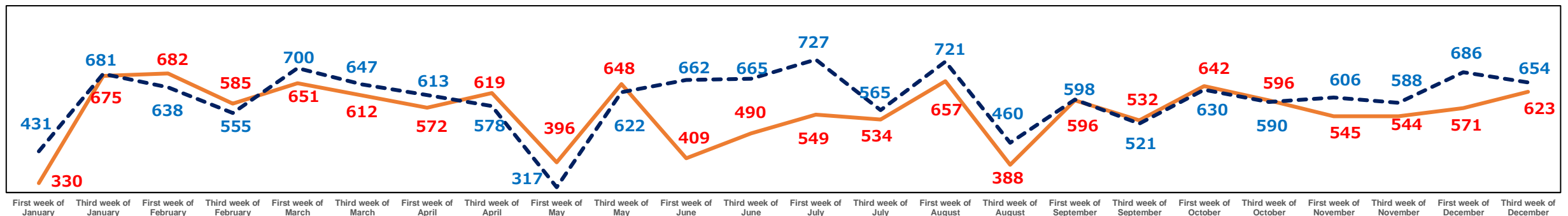
Unit: Thousand kiloliters

— Most recent 1 year (Jan. 2023 - Dec. 2023) - - - - Year ago 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 (December to November, national statistics)

Unit: Thousand tons

	December			January			February			March			April			May		
	2021	2022	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes
For household and business use	849	810	△5%	835	822	△2%	800	765	△4%	806	722	△10%	621	566	△9%	529	533	+1%
For cars	37	32	△13%	30	28	△8%	26	28	+8%	31	29	△6%	31	28	△10%	30	29	△2%
Total	886	843	△5%	865	850	△2%	826	793	△4%	837	751	△10%	652	594	△9%	559	563	+1%

	June			July			August			September			October			November			Total		
	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	Year ago value	Most recent 1 year	Changes
For household and business use	499	465	△7%	448	430	△4%	402	409	+2%	440	393	△11%	492	471	△4%	621	595	△4%	7,342	6,980	△5%
For cars	32	29	△8%	34	32	△6%	32	31	△1%	31	29	△6%	30	28	△8%	31	28	△10%	374	352	△6%
Total	530	494	△7%	482	461	△4%	434	440	+1%	471	423	△10%	523	498	△5%	652	623	△4%	7,717	7,332	△5%

* 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) (January to December, national statistics)

Unit: Thousand units

	January			February			March			April			May			June		
	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes
Standard-sized and compact cars	182	202	+11%	185	237	+28%	285	330	+16%	154	193	+26%	136	180	+32%	170	227	+34%
Kei cars	91	118	+30%	105	120	+14%	142	148	+4%	91	96	+6%	75	92	+22%	98	105	+7%
Total	272	320	+17%	290	356	+23%	426	478	+12%	244	290	+19%	212	272	+28%	268	332	+24%

	July			August			September			October			November			December			Total		
	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	Year ago value	Most recent 1 year	Changes
Standard-sized and compact cars	187	222	+19%	154	183	+19%	212	238	+12%	186	215	+15%	193	225	+16%	181	201	+11%	2,223	2,651	+19%
Kei cars	101	99	△2%	80	97	+22%	113	126	+11%	110	120	+9%	115	119	+4%	104	101	△3%	1,225	1,341	+9%
Total	288	321	+11%	234	281	+20%	325	363	+12%	296	334	+13%	308	344	+12%	284	302	+6%	3,448	3,993	+16%

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

Contact

Investor Relations & Planning Section

Staff : Kishibe or Nakamura

[E-MAIL] enex_irpr@itcenex.com

[TEL] +81-3-4233-8025 [FAX] + 81-3-4533-0103