

This document is an English translation of financial results report released on April 30, 2020 and written initially in Japanese. The Japanese original should be considered as the primary version.



MEMBERSHIP

April 30, 2020

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <under IFRSs>

Company name: **Itochu Enex Co., Ltd.**  
 Listing: Tokyo Stock Exchange, 1st Section  
 Stock code: 8133  
 URL: <https://www.itcenex.com/english/>  
 Representative: Kenji Okada, Representative Director, President and CEO  
 Contact: Shinichiro Inoue, General Manager, Finance & General Accounting Department  
 Tel: +81-3-4233-8008

Scheduled date of ordinary general meeting of shareholders: June 17, 2020  
 Scheduled date to commence dividend payments: June 18, 2020  
 Scheduled date to file annual securities report: June 17, 2020  
 Preparation of supplementary results briefing material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Profit from operating activities		Profit before tax		Net profit		Net profit attributable to Itochu Enex's shareholders		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	897,427	(10.9)	19,257	7.9	19,978	2.9	14,185	3.8	12,056	4.3	14,096	7.2
March 31, 2019	1,007,086	35.2	17,851	4.1	19,414	1.3	13,665	3.3	11,559	4.8	13,150	(4.2)

Fiscal year ended	Basic earnings per share attributable to Itochu Enex's shareholders	Diluted earnings per share attributable to Itochu Enex's shareholders	Return on equity obtained as the net profit attributable to Itochu Enex's shareholders to total shareholders' equity	Ratio of profit before tax to total assets	Ratio of profit from operating activities to revenue
	Yen	Yen	%	%	%
March 31, 2020	106.81	—	9.6	5.2	2.1
March 31, 2019	102.40	—	9.7	5.1	1.8

Reference: Total trading transactions

For the fiscal year ended March 31, 2020: 1,104,548 million yen

For the fiscal year ended March 31, 2019: 1,244,260 million yen

Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended March 31, 2020: 1,768 million yen

For the fiscal year ended March 31, 2019: 1,565 million yen

Note: “Total trading transactions” are presented in accordance with the Japanese accounting practices.

(2) Consolidated financial position

	Total assets	Total equity	Total shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2020	387,657	151,884	128,333	33.1	1,136.89
March 31, 2019	374,373	144,566	122,290	32.7	1,083.37

(3) Consolidated cash flows

	Net cash flows from (used in) operating activities	Net cash flows from (used in) investing activities	Net cash flows from (used in) financing activities	Cash and cash equivalents at end of the period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	28,106	(1,411)	(26,196)	19,243
March 31, 2019	25,403	(13,410)	(15,857)	18,725

2. Cash dividends

	Annual cash dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of total amount of dividends to total shareholders' equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2019	–	20.00	–	22.00	42.00	4,745	41.0	4.0
March 31, 2020	–	21.00	–	23.00	44.00	4,971	41.2	4.0
Fiscal year ending March 31, 2021 (Forecast)	–	–	–	–	–		–	

Note: Cash dividends for the fiscal year ending March 31, 2021 have yet to be determined at this time.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Consolidated earnings forecasts for the fiscal year ending March 31, 2021 have yet to be determined at this time given that it is not possible to reasonably calculate the potential impact of the novel coronavirus disease (COVID-19).

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- a. Changes in accounting policies required by IFRSs: Yes  
b. Changes in accounting policies other than the above: None  
c. Changes in accounting estimates: None

(Note) For details, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to Consolidated Financial Statements” on page 16 of the attached materials.

(3) Number of issued shares (common stock)

a. Total number of issued shares at end of period (including treasury stock)

As of March 31, 2020	116,881,106 shares
As of March 31, 2019	116,881,106 shares

b. Number of treasury stock at end of period

As of March 31, 2020	4,000,584 shares
As of March 31, 2019	4,002,462 shares

c. Average number of outstanding shares during period

Fiscal year ended March 31, 2020	112,879,973 shares
Fiscal year ended March 31, 2019	112,878,838 shares

**\* Note on financial results**

Total trading transactions decreased year on year due to the impact resulting from the decrease in sales volumes of domestic petroleum products and declining sales prices caused by a fall in the crude oil prices.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

**\* Proper use of earnings forecasts, and other special notes**

(Caution regarding forward-looking statements and others)

The forecasts and other forward-looking statements in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may significantly differ from these forecasts due to various factors.

Please refer to “1. Overview of Operating Results and Others, (1) Overview of Operating Results for the Fiscal Year Ended March 31, 2020” on page 2 of the attached materials for matters relating to earnings forecasts.

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## 1. Overview of Operating Results and Others

### (1) Overview of Operating Results for the Fiscal Year Ended March 31, 2020

The Group has adopted IFRS 16 “Leases” (issued in January 2016; hereinafter, “IFRS 16”) from the first quarter ended June 30, 2019. For the details of the impact of the adoption of IFRS 16, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies.”

#### 1) Results of operations

During the fiscal year ended March 31, 2020, the tone of the Japanese economy was one of moderate recovery. However, the outlook has continued to be uncertain due to uncertainties in overseas economies and geopolitical risk in the Middle Eastern regions. Furthermore, the worldwide spread of the novel coronavirus disease (COVID-19) since the beginning of the year has suddenly exacerbated the sense of stagnation in the domestic and foreign economy.

In addition, Japan’s energy industry has been encountering drastically changing circumstances, particularly with respect to consolidation of major oil companies, market entry by companies from other industries as a result of Japan having fully liberalized retail power and city gas sales, alliances forged across industry lines, and mounting worldwide awareness of climate change.

In this environment, the Itochu Enex Group announced its two-year medium-term business plan “Moving 2020 Horizons” in April 2019, and has advanced its business based on the following basic policies:

#### Overview of medium-term business plan

1. Name of the plan: Moving 2020 Horizons



2. Period: Two years (FY2019 to FY2020)

3. Basic policy:

#### *Promotion of Growth Strategies*

- (1) Maintaining and deepening the revenue base: Create Group synergy and further cultivate customer base.
- (2) Making inroads overseas and in peripheral fields: Proactively invest in overseas businesses and promote M&A of peripheral businesses.
- (3) Creating new businesses: Promote environmental businesses and so on.

#### *Evolution of the Organizational Base*

- (1) Strengthening Group management: Advance consolidated management and construct effective governance management structures.
- (2) Human resource strategies for growth: Promote diversity and nurture global human resources.
- (3) Promoting innovation: Pursue more efficient operations in existing business and promote digital solutions.

4. Quantitative plan (FY2020):

- (1) Net profit attributable to Itochu Enex’s shareholders: ¥12.5 billion
- (2) ROE: 9.0% or above
- (3) Dividend payout ratio: 40% or above
- (4) Planned investment (2-year total): ¥60.0 billion

\* Content with respect to the aforementioned medium-term business plan is current as of April 26, 2019, and accordingly does not account for the impact of the novel coronavirus disease (COVID-19). The Company intends to revise its medium-term business plan to factor in such effects.

The operating results for the fiscal year ended March 31, 2020 are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Revenue	897,427	1,007,086	(109,659)
Profit from operating activities	19,257	17,851	1,406
Net profit attributable to Itochu Enex's shareholders	12,056	11,559	497

Revenue was ¥897,427 million (down 10.9% year on year), due mainly to the impact resulting from the decrease in sales volumes of domestic petroleum products and declining sales prices caused by a fall in the crude oil prices.

Profit from operating activities was ¥19,257 million (up 7.9% year on year), and net profit attributable to Itochu Enex's shareholders was ¥12,056 million (up 4.3% year on year). This was mainly due to increased profit margins in the electric power business of the Power & Utility Division. Net profit attributable to Itochu Enex's shareholders constituted a new record-high profit for a fifth consecutive year.

## 2) Results of operations by segment

Results of operations by segment are as follows. Following the reorganization of the Group carried out on April 1, 2019, the Mobility Life Department was included in the Life & Industrial Energy Division. In line with this, the classification of reportable segments has been changed to the Home-Life Division, Life & Industrial Energy Division and Power & Utility Division from the first quarter ended June 30, 2019.

In addition, following the reorganization of the Group carried out on October 1, 2019, the Life & Industrial Energy Division was reorganized into two divisions: the Car-Life Division and Industrial Business Division. In line with this, the classification of reportable segments has been changed to the Home-Life Division, Car-Life Division, Industrial Business Division and Power & Utility Division from the third quarter ended December 31, 2019.

For that reason, the year-on-year comparisons have been recalculated based on the reportable segments as they exist after the reorganization carried out on October 1, 2019.

### Home-Life Division

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Revenue	89,084	94,350	(5,266)
Profit from operating activities	2,799	3,555	(756)
Net profit attributable to Itochu Enex's shareholders	2,113	3,068	(955)

In the Home-Life Division during the fiscal year ended March 31, 2020, the number of customers under direct LP gas supply contracts slightly increased to approximately 551,000 from the end of the previous fiscal year due to restructuring such as the establishment of Itochu Enex Home-Life Shikoku Co., Ltd. in the Shikoku area. LP gas sales volume declined year on year due to the impact of a warm winter and lower demand for gas for automotive use caused by the increasing number of hybrid taxi vehicles.

Regarding sales of electricity for households, the division promoted the expansion of the customer base by focusing mainly LP gas customers. As a result, the number of supply contracts increased by around 17,000 for a total of approximately 98,000, compared with the end of the previous fiscal year.

In the industrial gas sales business, sales volumes posted year-on-year declines due to the decrease in the sales volume of hydrogen associated with a decline in the export of electronic components, and the lower sales of carbonic acid gas caused by a decrease in consumption at restaurants, etc., associated with the impact of the novel coronavirus disease (COVID-19).

As a result of these activities, the operating results for the fiscal year ended March 31, 2020 are as follows.

Revenue was ¥89,084 million (down 5.6% year on year), due mainly to the lower sales price caused by a fall in the import price and the decrease in the sales volume of LP gas associated with a warm winter.

Profit from operating activities was ¥2,799 million (down 21.3% year on year). This was due mainly to the decrease in the sales volume associated with a warm winter.

Net profit attributable to Itochu Enex's shareholders was ¥2,113 million (down 31.1% year on year). This was due mainly to a decrease in earnings of associates accounted for by the equity method as a result of the impact of inventories, etc. in relation to a fall in the LP gas import price.

### Car-Life Division

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Revenue	542,697	624,329	(81,632)
Profit from operating activities	8,239	9,230	(991)
Net profit attributable to Itochu Enex's shareholders	4,584	5,150	(566)

Looking at the Car-Life Division during the fiscal year ended March 31, 2020, in the Car-Life Stations (CS)\*1 business, the number of the CS was 1,704, a decrease of 62 from the end of the previous fiscal year. Sales volumes of petroleum products decreased year on year due to a decrease in the number of CS, increasing fuel efficiency of vehicles, and the impact of a warm winter. On the other hand, the retail market for petroleum products continued to see robust sales.

In the automotive business, our car dealer business subsidiary OSAKA CAR LIFE GROUP CO., LTD. experienced year-on-year decline in sales volume in reaction to the consumption tax hike and the impact of the novel coronavirus disease (COVID-19).

As a result of these activities, the operating results for the fiscal year ended March 31, 2020 are as follows.

Revenue was ¥542,697 million (down 13.1% year on year), due mainly to a decrease in sales volume of domestic petroleum products and declining sales prices caused by a fall in the crude oil prices.

Profit from operating activities was ¥8,239 million (down 10.7% year on year). Net profit attributable to Itochu Enex's shareholders was ¥4,584 million (down 11.0% year on year). This was mainly due to the decline in the number of vehicles sold in the car dealer business and the reaction to the temporary revenue recognized in the previous fiscal year.

\*1 Car-Life Stations: Car-Life Stations are service stations offering multiple services provided by the Company.

## Industrial Business Division

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Revenue	175,154	194,948	(19,794)
Profit from operating activities	2,810	2,449	361
Net profit attributable to Itochu Enex's shareholders	1,977	1,705	272

Looking at the Industrial Business Division during the fiscal year ended March 31, 2020, in the industrial petroleum product sales business, sales volumes decreased year on year, mainly due to the impact of a decline in domestic demand for petroleum products driven by a transition to low-carbon energy.

In the asphalt sales business, sales were steady, and sales volumes rose year on year.

In the marine fuel sales business, as a result of expanding transactions including starting to supply new shipping routes, domestic sales volumes rose year on year.

As a result of these activities, the operating results for the fiscal year ended March 31, 2020 are as follows.

Revenue was ¥175,154 million (down 10.2% year on year), due mainly to a decrease in sales volume of industrial petroleum products and declining sales prices caused by a fall in the crude oil prices.

Profit from operating activities was ¥2,810 million (up 14.7% year on year). Net profit attributable to Itochu Enex's shareholders was ¥1,977 million (up 16.0% year on year). This was mainly due to an increase in sales volume for asphalt and marine fuel in Japan.

## Power & Utility Division

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Revenue	90,492	93,459	(2,967)
Profit from operating activities	5,825	2,728	3,097
Net profit attributable to Itochu Enex's shareholders	3,537	1,970	1,567

Looking at the Power & Utility Division during the fiscal year ended March 31, 2020, retail electricity sales volumes decreased year on year due to a downturn in large, high-voltage power contracts for business users, despite an increase in volume of low-voltage power sales to households.

In the heat supply business<sup>\*2</sup>, demand for heat decreased year on year due to lower summer temperatures than in the previous fiscal year.

As a result of these activities, the operating results for the fiscal year ended March 31, 2020 are as follows.

Revenue was ¥90,492 million (down 3.2% year on year) due mainly to the decline in volume of high-voltage power sales in the areas of sales and supply/demand management in the electric power business.

Profit from operating activities was ¥5,825 million (up 113.5% year on year). Net profit attributable to Itochu Enex's shareholders was ¥3,537 million (up 79.5% year on year). This was mainly due to an increase in profit margins in the electric power business with a stable electricity procurement.

\*2 Heat supply business: The heat supply business supplies cold and hot water for air conditioning to multiple office buildings and other buildings from a heat source plant using pipes.



3) Forecasts of consolidated financial results for the fiscal year ending March 31, 2021

In the forecasts of consolidated financial results for the fiscal year ending March 31, 2021, we are encountering a rapidly mounting sense of uncertainty looking forward given a current situation where future trends are difficult to predict. This comes amid developments such as stagnating economic activity and a slowdown in investment brought about by the worldwide spread of the novel coronavirus disease (COVID-19), as well as sluggish consumer spending brought about by continuation of voluntary stay-at-home directives. Even in the energy sector, there is ongoing impact on energy consumption as demand in the industrial sector has declined due to the lower production. Given such circumstances, there is currently much uncertainty concerning the impact on earnings and we have determined that it is difficult to calculate reasonable earnings forecast for the fiscal year ending March 31, 2021 so we have left it pending. We will promptly make an announcement when we are in a position to calculate the earnings forecast.

**(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2020**

1) Analysis of assets, liabilities, equity and cash flows

**Assets, liabilities and equity**

	As of March 31, 2020	As of March 31, 2019	Change
Total assets	387,657	374,373	13,284
Total liabilities	235,773	229,807	5,966
Total equity	151,884	144,566	7,318

(Millions of yen)

Total assets amounted to ¥387,657 million as of March 31, 2020, an increase of ¥13,284 million from March 31, 2019. This increase mainly reflected an increase in property, plant and equipment of ¥45,271 million with the application of IFRS 16. Total liabilities amounted to ¥235,773 million, an increase of ¥5,966 million from March 31, 2019, mainly due to an increase in lease liabilities of ¥51,163 million with the application of IFRS 16. Total equity totaled ¥151,884 million, an increase of ¥7,318 million from March 31, 2019, due to factors including an increase of ¥12,056 million from net profit attributable to Itochu Enex's shareholders, a decrease of ¥5,278 million by payment of cash dividends and a decrease of ¥1,535 million with the application of IFRS 16.

We consequently ended the fiscal year with a ratio of shareholders' equity to total assets of 33.1%.

**Cash flows**

The group has set goals in FY 2020 of net profit attributable to Itochu Enex's shareholders of ¥12.5 billion and ROE of 9.0% or above. Using the cash flow generated from our core businesses, we are proactively investing in new businesses. Going forward, while further evolving group management and creating a balanced asset portfolio, we will build a system that can create synergies among our businesses.

The spread of the novel coronavirus disease (COVID-19) does not substantially affect cash flow for the current fiscal year. With respect to financing capacity for the time being, we have sufficiently secured account overdraft facilities and commercial paper issuance facilities, in addition to maintaining ample cash and cash equivalents. Moreover, we are essentially free of debt amid a situation where we have maintained healthy levels of debt thus far, which is currently reflected by our net debt-equity ratio (net DER) of 0.05 times.

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Cash flows from operating activities	28,106	25,403	2,703
Cash flows from investing activities	(1,411)	(13,410)	11,999
[Free cash flows]	[26,695]	[11,993]	[14,702]
Cash flows from financing activities	(26,196)	(15,857)	(10,339)
Net increase in cash and cash equivalents	499	(3,864)	4,363
Effect of exchange rate changes on cash and cash equivalents	19	16	3
Cash and cash equivalents at the end of the period	19,243	18,725	518

Cash and cash equivalents (net cash) totaled ¥19,243 million as of March 31, 2020, up ¥518 million from March 31, 2019.

*Cash flows from operating activities*

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Cash flows from operating activities	28,106	25,403	2,703
Changes in working capital and others	(8,399)	6,082	(14,481)
Real operating cash flow*	36,505	19,321	17,184

\*Real operating cash flow excludes working capital, etc. from cash flows from operating activities.

Operating activities provided net cash of ¥28,106 million. Major items included profit before tax of ¥19,978 million, depreciation and amortization of ¥19,580 million, and an increase in funds required for trading of ¥9,539 million. Net cash provided increased ¥2,703 million year on year. Moreover, real operating cash flow also increased year on year, even after excluding special factors such as an increase of ¥9,152 million due to the application of IFRS 16 and income taxes refund of ¥2,533 million.

*Cash flows from investing activities*

The Group has always made investments with an awareness of capital efficiency based on our investment strategy. In the two years from FY2019 to FY2020, we are planning investments of ¥20,000 million in maintaining and deepening our important revenue base that generates cash flow, as well as ¥40,000 million in overseas and peripheral fields and new businesses centered on the Power & Utility Division. Proactively investing the cash flow generated from our core businesses in new businesses has resulted in ¥1,411 million in funds used for investing activities. Cash used included purchase of investments (including investments accounted for by the equity method) of ¥2,825 million, mainly in the Power & Utility Division, acquisition of subsidiaries of ¥5,566 million, and payments for purchase of property, plant and equipment and investment property of ¥11,941 million. Meanwhile, cash provided included proceeds from sales and redemption of investments (including investments accounted for by the equity method) of ¥5,201 million and decrease in deposits paid of ¥8,979 million. Net cash used decreased ¥11,999 million year on year.

### *Cash flows from financing activities*

The Group aims to streamline Group-wide financing activities to enhance our corporate value. Enhancing Group-wide financial management through the introduction of our Group Financial System\* resulted in ¥26,196 million in funds used for financing activities. Major items included repayments of bonds and borrowings of ¥8,381 million, repayments of lease liabilities of ¥10,804 million, and cash dividends paid to Itochu Enex's shareholders of ¥4,859 million. Net cash used increased ¥10,339 million year on year.

\*The Group Financial System streamlines fund management and procurement costs by sharing funds within the Group.

#### 2) Cash flow indicators

Fiscal year ended March 31,	2018	2019	2020
Ratio of shareholders' equity to total assets (%)	30.3	32.7	33.1
Ratio of shareholders' equity to total assets at market value (%)	29.5	26.9	24.6
Ratio of cash flow to interest-bearing debt (years)	1.8	1.3	0.9
Interest-coverage ratio (times)	27.8	30.3	25.0

Ratio of shareholders' equity to total assets: Total shareholders' equity / Total assets

Ratio of shareholders' equity to total assets at market value: Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Cash flow

Interest-coverage ratio: Cash flow / Interest expense

(Note 1.) All of the above ratios were calculated using consolidated financial statement data.

(Note 2.) Market capitalization was calculated by multiplying the fiscal-year-end closing share price by the number of shares outstanding at fiscal year-end (net of treasury stock).

(Note 3.) "Cash flow" is "Cash provided by (used in) operating activities" on the Consolidated Statement of Cash Flows.

(Note 4.) Interest-bearing debt is all debt, of the debt carried on the Consolidated Statement of Financial Position, on which interest is payable.

#### **(3) Profit Distribution Policy and Dividends for the Fiscal Years Ended March 31, 2020 and Ending March 31, 2021**

In terms of shareholder returns, we aim to maintain a consolidated dividend payout ratio of at least 40% in accord with our policy of paying stable dividends on an ongoing basis while maintaining sustained business growth.

For the fiscal year ended March 31, 2020, we plan to pay a year-end dividend of ¥23 per share. Meanwhile, our cash dividend forecast for the next fiscal year has yet to be determined given that our financial results outlook remains unclear at this time. However, we intend to promptly disclose the cash dividend forecast for the next fiscal year together with our full-year earnings forecasts as soon as our earnings outlook becomes available.

With respect to internally retained funds, our basic policy is to use such funds to invest in our business to strengthen our operating foundation and further increase earnings.

## **2. Basic Concepts Underlying Selection of Accounting Standards**

The Itochu Enex Group adopted IFRS (International Financial Reporting Standards) from the fiscal year ended March 31, 2014, in order to improve international comparability and the convenience of financial information in capital markets.

### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	18,725	19,243
Trade receivables	106,165	86,911
Other current financial assets	36,034	28,095
Inventories	33,053	24,263
Income taxes receivable	2,533	98
Trade advances paid	111	128
Other current assets	3,154	2,502
Total current assets	199,775	161,240
Non-current assets		
Investments accounted for by the equity method	29,441	31,583
Other investments	4,186	3,860
Non-current financial assets other than investments	11,292	11,942
Property, plant and equipment	87,599	132,870
Investment property	9,819	13,147
Goodwill	521	521
Intangible assets	20,091	20,005
Deferred tax assets	9,913	10,374
Other non-current assets	1,736	2,115
Total non-current assets	174,598	226,417
Total assets	374,373	387,657

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term bonds and borrowings	11,217	7,024
Trade payables	121,677	83,936
Lease liabilities	–	9,591
Other current financial liabilities	7,905	6,216
Income taxes payable	3,193	4,172
Advances from customers	9,651	9,437
Other current liabilities	11,820	12,848
Total current liabilities	165,463	133,224
<b>Non-current liabilities</b>		
Non-current bonds and borrowings	22,893	18,156
Lease liabilities	–	52,713
Other non-current financial liabilities	23,531	14,225
Non-current liabilities for employee benefits	9,936	10,335
Deferred tax liabilities	2,287	1,721
Provisions	5,462	5,255
Other non-current liabilities	235	144
Total non-current liabilities	64,344	102,549
Total liabilities	229,807	235,773
<b>Equity</b>		
Common stock	19,878	19,878
Capital surplus	18,922	18,934
Retained earnings	86,769	92,761
Other components of equity	(1,406)	(1,370)
Treasury stock	(1,873)	(1,870)
Total shareholders' equity	122,290	128,333
Non-controlling interests	22,276	23,551
Total equity	144,566	151,884
<b>Total liabilities and equity</b>	<b>374,373</b>	<b>387,657</b>

**(2) Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Revenue	1,007,086	897,427
Cost of sales	(922,876)	(811,009)
Gross profit	84,210	86,418
Other income and expense		
Selling, general and administrative expenses	(67,318)	(68,858)
Loss from tangible assets, intangible assets and goodwill	(241)	(428)
Other – net	1,200	2,125
Total other income and expense	(66,359)	(67,161)
Profit from operating activities	17,851	19,257
Financial income and costs		
Interest income	83	58
Dividends received	66	103
Interest expense	(906)	(1,126)
Other financial income and costs – net	755	(82)
Total financial income and costs	(2)	(1,047)
Share of profit of investments accounted for by the equity method	1,565	1,768
Profit before tax	19,414	19,978
Income tax expense	(5,749)	(5,793)
Net profit	13,665	14,185
Net profit attributable to:		
Net profit attributable to Itochu Enex's shareholders	11,559	12,056
Net profit attributable to non-controlling interests	2,106	2,129
Total	13,665	14,185

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss		
FVTOCI financial assets	(108)	(215)
Remeasurement of net defined benefit liability	(175)	(90)
Other comprehensive income of investments accounted for by the equity method	(54)	(41)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(10)	(7)
Cash flow hedges	25	82
Other comprehensive income of investments accounted for by the equity method	(193)	182
Total other comprehensive income, net of tax effect	(515)	(89)
Comprehensive income	13,150	14,096
Comprehensive income attributable to:		
Comprehensive income attributable to Itochu Enex's shareholders	11,127	12,033
Comprehensive income attributable to non-controlling interests	2,023	2,063
Total	13,150	14,096

(Yen)

Earnings per share attributable to Itochu Enex's shareholders		
Basic	102.40	106.81
Diluted	—	—

(Millions of yen)

Total trading transactions	1,244,260	1,104,548
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(Note) Total trading transactions are presented in accordance with the Japanese accounting practices. This item is voluntarily disclosed by the Company for investors' convenience and is not required to be disclosed under International Financial Reporting Standards ("IFRSs").

### (3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity					Total shareholders' equity	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock			
Balance at April 1, 2018	19,878	18,892	80,352	(1,145)	(1,873)	116,104	20,962	137,066
Net profit			11,559			11,559	2,106	13,665
Other comprehensive income				(432)		(432)	(83)	(515)
Comprehensive income			11,559	(432)		11,127	2,023	13,150
Transactions with owners								
Cash Dividends			(4,971)			(4,971)	(459)	(5,430)
Acquisition of subsidiary shares from non-controlling interests and others		23				23		23
Changes due to additional acquisitions and sales of interests in subsidiaries							(250)	(250)
Transfer from other components of equity to retained earnings			(171)	171		—		—
Purchase and disposal of treasury stock					(0)	(0)		(0)
Share-based payments		7				7		7
Balance at March 31, 2019	19,878	18,922	86,769	(1,406)	(1,873)	122,290	22,276	144,566

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity					Total shareholders' equity	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock			
Balance at April 1, 2019	19,878	18,922	86,769	(1,406)	(1,873)	122,290	22,276	144,566
Cumulative effect of accounting change			(1,146)			(1,146)	(389)	(1,535)
Restated balance	19,878	18,922	85,623	(1,406)	(1,873)	121,144	21,887	143,031
Net profit			12,056			12,056	2,129	14,185
Other comprehensive income				(23)		(23)	(66)	(89)
Comprehensive income			12,056	(23)		12,033	2,063	14,096
Transactions with owners								
Cash dividends			(4,859)			(4,859)	(419)	(5,278)
Acquisition of subsidiary shares from non-controlling interests and others						—		—
Changes due to additional acquisitions and sales of interests in subsidiaries						—	20	20
Transfer from other components of equity to retained earnings			(59)	59		—		—
Purchase and disposal of treasury stock					(0)	(0)		(0)
Share-based payments		12				15		15
Balance at March 31, 2020	19,878	18,934	92,761	(1,370)	(1,870)	128,333	23,551	151,884



**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before tax	19,414	19,978
Depreciation and amortization	10,086	19,580
Loss from tangible assets, intangible assets and goodwill	241	428
Financial income and costs	2	1,047
Share of profit of investments accounted for by the equity method	(1,565)	(1,768)
Decrease in trade receivables	13,602	19,388
Decrease (increase) in inventories	(4,667)	8,814
Decrease in trade payables	(5,788)	(37,741)
Other – net	2,935	1,140
Dividends received	406	1,613
Interest received	85	56
Interest expense	(838)	(1,126)
Income taxes paid	(8,510)	(5,836)
Income taxes refund	–	2,533
Net cash flows provided by operating activities	25,403	28,106
Cash flows from investing activities		
Purchase of investments (including investments accounted for by the equity method)	(2,663)	(2,825)
Proceeds from sales and redemption of investments (including investments accounted for by the equity method)	103	5,201
Acquisition of subsidiaries, net of cash acquired	–	(5,566)
Proceeds from acquisition of subsidiaries	22	680
Proceeds from sales of subsidiaries, net of cash acquired	–	2,905
Payment for loans receivable	(907)	(1,017)
Collection of loans receivable	752	1,316
Payments for purchase of property, plant and equipment and investment property	(12,883)	(11,941)
Proceeds from sales of property, plant and equipment and investment property	1,978	2,616
Purchase of intangible assets	(832)	(1,980)
Proceeds from sales of intangible assets	193	22
Decrease in deposits paid – net	–	8,979
Other – net	827	199
Net cash flows used in investing activities	(13,410)	(1,411)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Repayments of bonds and borrowings	(3,963)	(8,381)
Repayments of lease liabilities	–	(10,804)
Net decrease in short-term borrowings	(6,311)	(1,753)
Payments for additional acquisitions of interests in subsidiaries from non-controlling interests	(228)	(30)
Cash dividends paid to Itochu Enex's shareholders	(4,971)	(4,859)
Capital contribution from non-controlling interests	75	50
Cash dividends paid to non-controlling interests	(459)	(419)
Purchase of treasury stock	(0)	(0)
Net cash flows used in financing activities	(15,857)	(26,196)
Net increase (decrease) in cash and cash equivalents	(3,864)	499
Cash and cash equivalents at the beginning of the period	22,573	18,725
Effect of exchange rate changes on cash and cash equivalents	16	19
Cash and cash equivalents at the end of the period	18,725	19,243

## (5) Notes to Consolidated Financial Statements

### Notes on Uncertainties of Entity's Ability to Continue as Going Concern

No items to report.

### Changes in Accounting Policies

From the fiscal year ended March 31, 2020, the following standard has been applied.

Standard	Title	Description of new/amended standards or interpretations
IFRS 16	Leases	Amendments to accounting for lease contracts

Following the application of IFRS 16, for leases as lessee in cases where the contract is a lease or contains a lease, right-of-use assets and lease liabilities are recorded in the consolidated statement of financial position on the commencement date of the lease.

Lease liabilities are measured using the present value of unpaid lease payments. Lease payments are allocated to financial costs and repayments of lease liabilities based on the effective interest method with financial costs recognized in the consolidated statement of comprehensive income.

Right-of-use assets are measured at cost, with the acquisition cost on the commencement date of the lease being determined, and the asset being depreciated thereafter using the straight-line method over the period from the commencement date to the end of the asset's useful life or of the lease term, whichever is the shorter.

Furthermore, the Group has not recognized right-of-use assets and lease liabilities for leases of intangible assets, short-term leases with a lease term of less than 12 months, and leases for low-value assets. Lease payments related to the above are recognized as expense on either a straight-line basis or some other systematic basis to the total lease payments over the lease term.

In accordance with the transition under IFRS 16 upon its application, the Group has recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings for the fiscal year ended March 31, 2020. The weighted average of the lessee's incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position as of the date of initial application of the standard is 0.5%.

A schedule reconciling the operating lease contracts disclosed as of the end of the previous fiscal year under IAS 17 "Leases" (hereinafter, "IAS 17") and the lease liabilities recognized in the consolidated statement of financial position as of the date of initial application of the standard is provided below.

	Amount
	(Millions of yen)
Noncancelable operating lease contracts disclosed (March 31, 2019)	6,168
Operating leases discounted using the incremental borrowing rate (April 1, 2019)	6,096
Finance lease obligations disclosed (March 31, 2019)	11,141
Cancelable operating lease contracts, etc.	48,835
Lease liabilities as of April 1, 2019	<u>66,072</u>

In applying IFRS 16, the Group has elected to apply the practical expedient provided in paragraph C3 of IFRS 16 to grandfather the assessment of whether a contract contains a lease under IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease."

With regard to leases previously classified as operating leases under IAS 17, these were recognized as right-of-use assets and lease liabilities on the date of initial application of IFRS 16, with lease liabilities

measured using the present value of unpaid lease payments at commencement, discounted by the lessee's incremental borrowing rate as of the initial application of the standard. In addition, with regard to leases that were previously classified as finance leases under IAS 17, the book values of right-of-use assets and lease liabilities at the date of initial application of the standard are measured at the book value of lease assets and lease obligations respectively on the day directly before the date of initial application, based on IAS 17.

As a result, total assets increased by ¥53,395 million, lease liabilities increased by ¥54,931 million, while retained earnings decreased by ¥1,146 million as of the beginning of the fiscal year ended March 31, 2020.

In relation to the application of IFRS 16, the Group has elected to use the following practical expedients.

- Initial direct costs are excluded from the measurement of right-of-use assets performed at the date of the initial application of the standard.
- When computing the lease term in cases where the contract contains an option to extend or cancel the lease, etc., a post-facto decision shall be taken.

## Segment Information

### i) Outline of Reportable Segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing performance.

The Group is organized into business divisions, consolidating related businesses. Each business division plans strategies for each category of target customers and markets and develops business activities. The Group has four reportable segments that correspond to the business divisions, namely the "Home-Life Division," "Car-Life Division," "Industrial Business Division," and "Power & Utility Division."

The Home-Life Division engages in sales and services involving LP gas, kerosene, town gas (Nakatsu City, Oita Prefecture and Kanto region), industrial gas, electricity, household equipment, smart energy equipment, remodeling, residential lithium-ion electricity storage systems, pressure resistance inspection for gas containers and welding materials.

The Car-Life Division engages in sales and services involving gasoline, kerosene, diesel oil, electricity, automobiles, car rental, lifestyle and automotive products, import/export of petroleum products, and terminal tank rental.

The Industrial Business Division engages in sales and services involving gasoline, kerosene, diesel oil, fuel oil, LP gas, high-grade urea solution "AdBlue," asphalt, marine fuel, recycling of fly ash, and recovery and recycling of slop.

The Power & Utility Division is engaged in the sale of electricity (coal-fired, natural gas-fired, wind, hydropower, photovoltaic power) and steam, as well as in providing district heating services, comprehensive energy services, electricity/heat supply services, electric power supply/demand management services, and asset management business.

In the first quarter ended June 30, 2019, the now former Mobility Life Department was included in the Life & Industrial Energy Division.

In addition, in the third quarter ended December 31, 2019, the Life & Industrial Energy Division was reorganized into two divisions: the Car-Life Division and Industrial Business Division.

In line with this, the classification of reportable segments has been changed from the Home-Life Division, Life & Industrial Energy Division and Power & Utility Division to the Home-Life Division, Car-Life Division, Industrial Business Division and Power & Utility Division from the third quarter ended December 31, 2019.

Due to the change in segments, segment information for the previous fiscal year has been adjusted based on the classification of reportable segments after the change.

ii) Information on Reportable Segments

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life Division	Car-Life Division	Industrial Business Division	Power & Utility Division			
<b>Revenue</b>							
Revenue from external customers	94,350	624,329	194,948	93,459	1,007,086	–	1,007,086
Intersegment revenue	365	9,187	7,778	5,969	23,299	(23,299)	–
<b>Total revenue</b>	<b>94,715</b>	<b>633,516</b>	<b>202,726</b>	<b>99,428</b>	<b>1,030,385</b>	<b>(23,299)</b>	<b>1,007,086</b>
Gross profit	22,397	49,452	5,227	7,134	84,210	–	84,210
Selling, general and administrative expenses	(18,927)	(41,070)	(2,722)	(4,662)	(67,381)	63	(67,318)
Profit (loss) from tangible assets, intangible assets and goodwill	(172)	(192)	(19)	324	(59)	(182)	(241)
Other profit (loss)	257	1,039	(37)	(67)	1,192	8	1,200
Profit from operating activities	3,555	9,230	2,449	2,728	17,962	(111)	17,851
Financial income and costs	(24)	(258)	(27)	516	207	(209)	(2)
Share of profit (loss) of investments accounted for by the equity method	1,251	100	39	175	1,565	–	1,565
Profit before tax	4,782	9,072	2,461	3,419	19,734	(320)	19,414
Net profit attributable to Itochu Enex's shareholders	3,068	5,150	1,705	1,970	11,893	(334)	11,559
<b>Other items</b>							
Depreciation and amortization	(2,698)	(2,919)	(448)	(3,494)	(9,559)	(527)	(10,086)
Impairment loss	(251)	(216)	–	–	(467)	(171)	(638)
Total assets	65,584	153,117	36,217	82,439	337,357	37,016	374,373
Investments accounted for by the equity method	18,774	534	21	10,112	29,441	–	29,441
Capital expenditures	3,259	1,818	683	6,660	12,420	1,295	13,715
Total trading transactions	105,112	813,267	228,946	96,935	1,244,260	–	1,244,260

(Note) Intersegment transactions have been decided by reference to the market price.

The adjustment of negative ¥334 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥37,016 million to total assets represents corporate assets not allocated to reportable segments.

Total trading transactions are unaudited items voluntarily disclosed by the Company and represent the amount of sales in accordance with Japanese accounting practices.

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life Division	Car-Life Division	Industrial Business Division	Power & Utility Division			
<b>Revenue</b>							
Revenue from external customers	89,084	542,697	175,154	90,492	897,427	–	897,427
Intersegment revenue	81	14,174	9,188	3,615	27,058	(27,058)	–
Total revenue	89,165	556,871	184,342	94,107	924,485	(27,058)	897,427
Gross profit	21,958	49,221	5,624	9,615	86,418	–	86,418
Selling, general and administrative expenses	(19,449)	(41,280)	(2,926)	(4,762)	(68,417)	(441)	(68,858)
Profit (loss) from tangible assets, intangible assets and goodwill	172	(256)	(19)	(321)	(424)	(4)	(428)
Other profit (loss)	118	554	131	1,293	2,096	29	2,125
Profit from operating activities	2,799	8,239	2,810	5,825	19,673	(416)	19,257
Financial income and costs	(23)	(532)	23	(415)	(947)	(100)	(1,047)
Share of profit (loss) of investments accounted for by the equity method	825	126	30	787	1,768	–	1,768
Profit before tax	3,601	7,833	2,863	6,197	20,494	(516)	19,978
Net profit attributable to Itochu Enex's shareholders	2,113	4,584	1,977	3,537	12,211	(155)	12,056
<b>Other items</b>							
Depreciation and amortization	(3,759)	(8,364)	(1,380)	(4,735)	(18,238)	(1,342)	(19,580)
Impairment loss	(145)	(204)	–	(144)	(493)	–	(493)
Total assets	67,240	164,239	33,291	91,921	356,691	30,966	387,657
Investments accounted for by the equity method	19,049	511	90	11,933	31,583	–	31,583
Capital expenditures	3,688	3,220	150	5,992	13,050	871	13,921
Total trading transactions	98,328	706,719	206,332	93,169	1,104,548	–	1,104,548

(Note) Intersegment transactions have been decided by reference to the market price.

The adjustment of negative ¥155 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥30,966 million to total assets represents corporate assets not allocated to reportable segments.

Total trading transactions are unaudited items voluntarily disclosed by the Company and represent the amount of sales in accordance with Japanese accounting practices.

iii) Products and Services Information

This information is omitted because the classification of products and services is the same as the classification of reportable segments.

iv) Geographic Information

This information is omitted because revenue from external customers in Japan accounts for a large percentage of the revenue recorded in the consolidated statement of comprehensive income for the fiscal years ended March 31, 2019 and 2020.

v) Major Customers Information

This information is omitted because there is no major external customer from which revenue accounts for 10% or more of the revenue recorded in the consolidated statement of comprehensive income for the fiscal years ended March 31, 2019 and 2020.

**Earnings per Share**

Basic earnings per share for the fiscal years ended March 31, 2019 and 2020, were calculated as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net profit attributable to Itochu Enex's shareholders (Millions of yen)	11,559	12,056
Weighted-average number of ordinary shares outstanding (Thousands of shares)	112,879	112,880
Basic earnings per share attributable to Itochu Enex's shareholders (Yen)	102.40	106.81

(Note) Diluted earnings per share attributable to Itochu Enex's shareholders are not presented because there were no dilutive potential shares.

**Significant Events after the Reporting Period**

No items to report.