

ITOCHU ENEX CO., LTD.

(TSE First Section, 8133)

FY2020 Financial Results for First Nine Months

January 29, 2021

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 Nine Months of FY2020

- Quarterly net profits increased 0.2 billion yen to 9.5 billion yen, 2.6% year on year.**
 While sales volume dropped in all segments given the COVID-19 pandemic, the strong sales volume of LP gas and power for household use due to demand driven by those refraining from going out, export-import operations for oil products in view of the fluctuations in crude oil prices and the reduction of operating expenses resulted in profit growth.
- The ratio of SG&A expenses to gross profit came to 76.0%, a 2.3% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.**

Net sales

515.7 billion yen (-23.2% year on year)

Operating profit

15.9 billion yen (+4.8% year on year)

Gross profit

64.4 billion yen (+1.1% year on year)

Net profit

9.5 billion yen (+2.6% year on year)

The Impact of the COVID-19 Coronavirus Pandemic

Impact on business performance

	Oil	<ul style="list-style-type: none"> □ Demand for gasoline declined due to remote working and the stay-at-home advisories, making sales volume fall.
	LP gas	<ul style="list-style-type: none"> □ Sales volumes of LP gas and industrial gas for business, industrial and automobile use tumbled following the declining operating ratio of stores, factories and others. □ LP gas for household use increased due to demand driven by those refraining from going out.
	Power	<ul style="list-style-type: none"> □ The sales volume of high-voltage power decreased due to the declining operating ratio of stores, factories and others. □ Sales volume of low-voltage power increased due to demand driven by those refraining from going out.
	Sales of cars	<p>The number of customers visiting dealers decreased due to the shortened business hours of dealers. This led to a significant fall in sales volumes. Although the number of vehicles sold in the April to June period was down 24% year on year, sales of new cars were brisk from October onwards and vehicle sales are gradually rallying.</p>

Sales volume (company-wide)

<ul style="list-style-type: none"> ■ Gasoline 	<p>1,646,000 KL (-23.4% year on year)</p>	<ul style="list-style-type: none"> ■ LP gas 	<p>349,000 tons (-8.8% year on year)</p>	<ul style="list-style-type: none"> ■ Electricity Retail (GWh) 	<p>1,636 GWh (-9.6% year on year)</p>
<ul style="list-style-type: none"> ■ Diesel oil 	<p>2,310,000 KL (-6.5% year on year)</p>	<ul style="list-style-type: none"> ■ Industrial gas (million m³ & thousand tons) 	<p>48,000 tons (-15.8% year on year)</p>	<ul style="list-style-type: none"> ■ New cars 	<p>17,000 units (-9.5% year on year)</p>

Improve the teleworking environment and encourage teleworking and staggered working hours

BCP initiatives

- Establish emergency headquarters for tackling the coronavirus pandemic, which is chaired by the president.
- Improved the teleworking environment (enhanced the video conferencing system, conference call system, and network).
- Teleworking, staggered working hours, and desk allocation for avoiding closed spaces, crowded places, and close-contact settings
- Promotion of hand-washing, disinfection, gargling, ventilation, and environmental disinfection
- Refraining from/postponing conferences, gatherings, training sessions, and the similar events for which many people gather
- Refraining from domestic and overseas business trips
- Refraining from dining with others

Financial standing

- Sufficient liquidity on hand has been secured.
- Net DER: -0.13 (virtually no debt)
- Sufficient account overdraft facilities and commercial paper issuance facilities have been secured.
- Rating has been maintained.
Long-term issue rating: A+/Short-term issuer rating: J-1
(Japan Credit Rating Agency, Ltd.)
* Based on evaluation in January 2021

(100 million yen)

	End of March 2020 Results	End of December 2020 Results	Changes
Cash and cash equivalents	192	409	+217
Other current financial assets	281	190	-91

◇ **Overview of Consolidated Financial Results
for First Nine Months of FY2020**

(1) Overview of the Entire Company

(2) Overview by Segment

◇ **Appendix**

Overview of Consolidated Financial Results for First Nine Months of FY2020

(1) Overview of the Entire Company

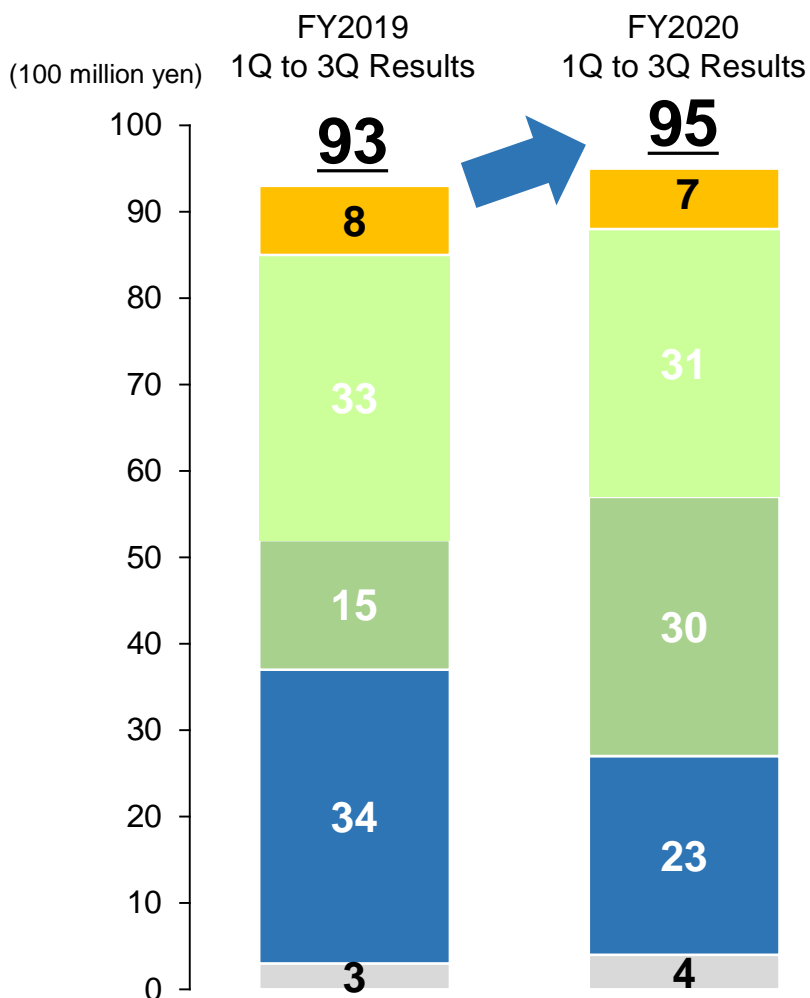
Summary of Financial Results for the First Nine Months of FY2020

(100 million yen)	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes	FY2020 Plan	Achievement rate
Net sales	6,711	5,157	-1,554	7,100	73%
Gross profit	637	644	+7		
Selling, general and administrative expenses	-499	-489	+10		
Operating profit	152	159	+7	160	100%
Share of profit (loss) of investments accounted for using the equity method	14	8	-5		
Net profit	93	95	+2	110	87%
Ratio of SG&A expenses to gross profit	78.3%	76.0%	-2.3%		
Dividends (yen/share)	21	22	+1	44	—

- Quarterly net profits increased 0.2 billion yen, 2.6% year on year.

While sales volume dropped in all segments given the COVID-19 pandemic, the strong sales volume of LP gas and power for household use due to demand driven by those refraining from going out, export-import operations for oil products in view of the fluctuations in crude oil prices and the reduction of operating expenses resulted in profit growth.

- The ratio of SG&A expenses to gross profit came to 76.0%, a 2.3% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.



Major factors for increase/decrease

Home-Life (YoY: -¥100 million, Percent of the plan achieved: 26%)

The number of customers under direct contract rose slightly to around 551,000, despite a sell-off of business rights. The overall sales volume of LP gas was lower than in the same period a year earlier despite the rise in sales for household use due to demand driven by those refraining from going out and the upward trend of demand for business, industrial and automobile use. Profit decreased after a shrinkage in sales volumes of LP gas and industrial gas.

Car-Life (YoY: -¥200 million, Percent of the plan achieved: 109%)

The number of filling stations decreased by 16 from the end of the previous fiscal year to 1,688. The sales volume of oil products was down from the same period of the previous year, and so was the number of new cars sold. However, new car sales were strong from October onwards and they are on the upward trend. Profit dropped due to declines in the sales volume of oil products, the number of vehicles sold in the car dealer business and service revenue.

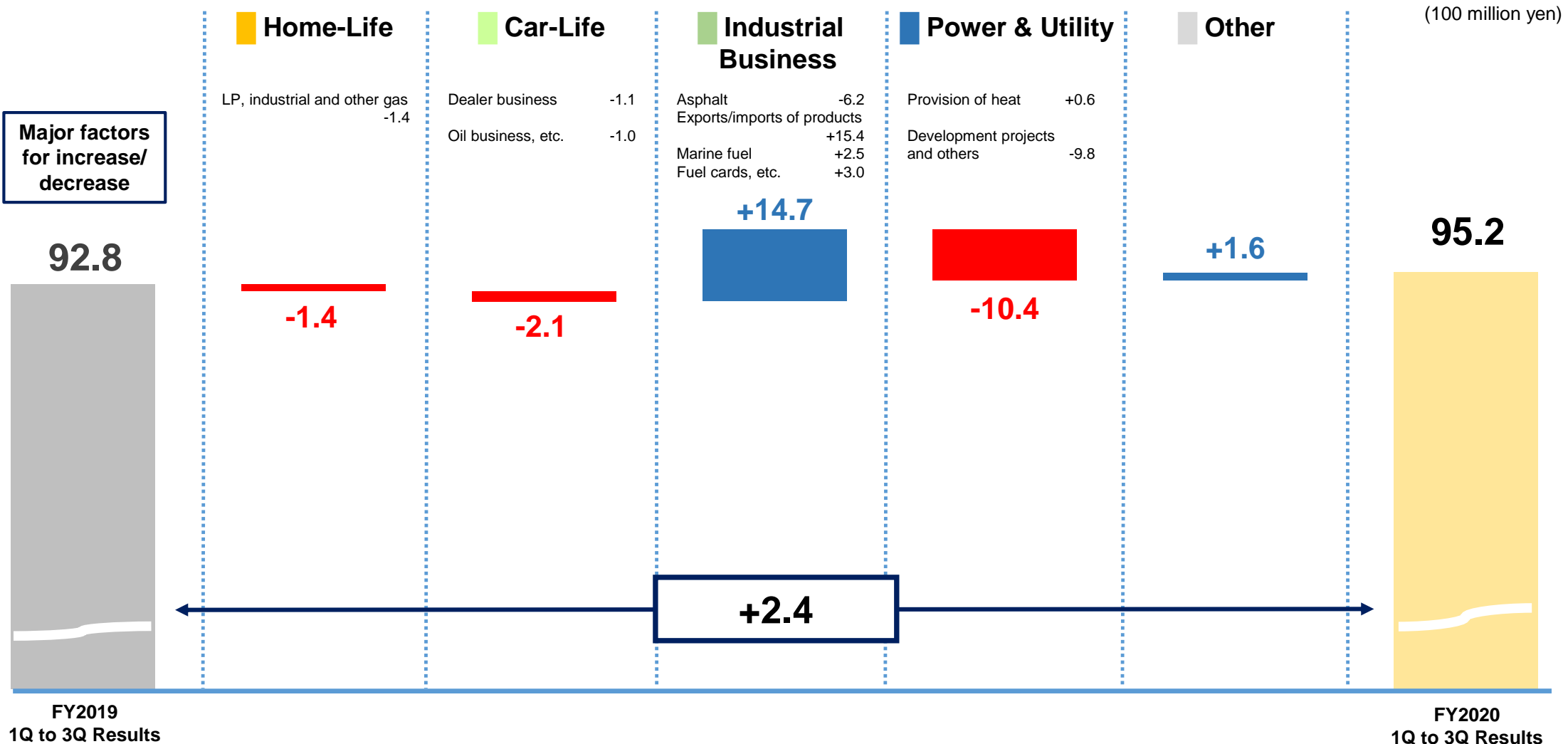
Industrial Business (YoY: +¥1500 million, Percent of the plan achieved: 123%)

The sales volume of oil products for industrial use and fuel cards for cars decreased year on year following the slumping operating ratio at factories and the decreased use of cards for company vehicles. The asphalt business saw sales volume fell year on year. Meanwhile, in the marine fuel business, sales volume rose after steady sales to ocean-going vessels. Profit jumped substantially due to export-import operations for oil products in view of changing crude oil prices and the reduction of operating expenses.

Power & Utility (YoY: -¥1000 million, Percent of the plan achieved: 67%)

Electricity retail sales dropped year on year due to a massive fall in the number of large high-voltage power contracts for corporate use, offsetting a hike in low-voltage sales volume following growth in the consumption volume for household use due to demand from those refraining from going out and the number of low-voltage power contracts mainly for household use. Profit decreased, reflecting a slide in earnings concerned with development projects.

Analysis of Net Profit by Segment

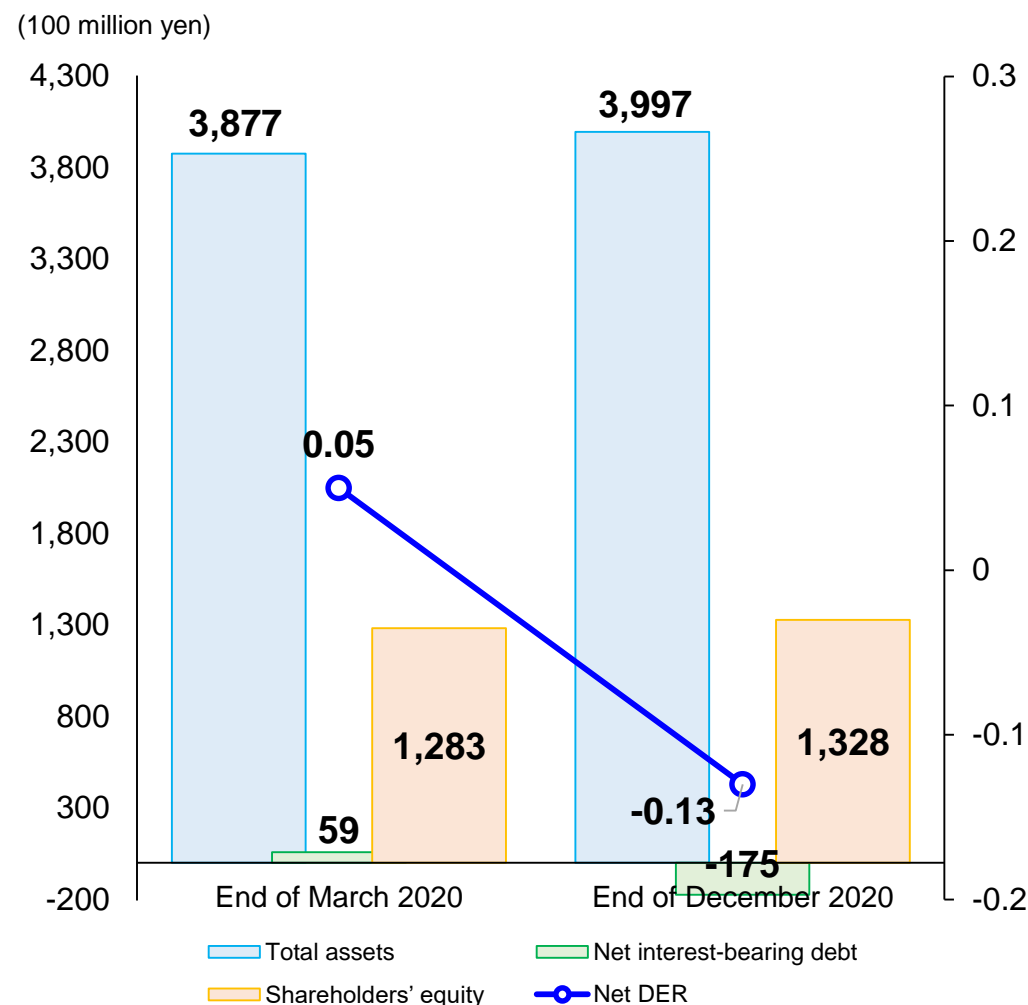


Trade receivables/trade payables increased due to seasonal factors

- Total assets:** Increased 12 billion yen from the end of the previous year due to increases in trade receivables/trade payables and came to **399.7 billion yen**.
- Shareholders' equity:** Increased 4.5 billion yen from the end of the previous year to **132.8 billion yen**, mainly reflecting a rise in net profit.
- Net DER:** Net DER is a negative value due to an increase in cash and deposits.

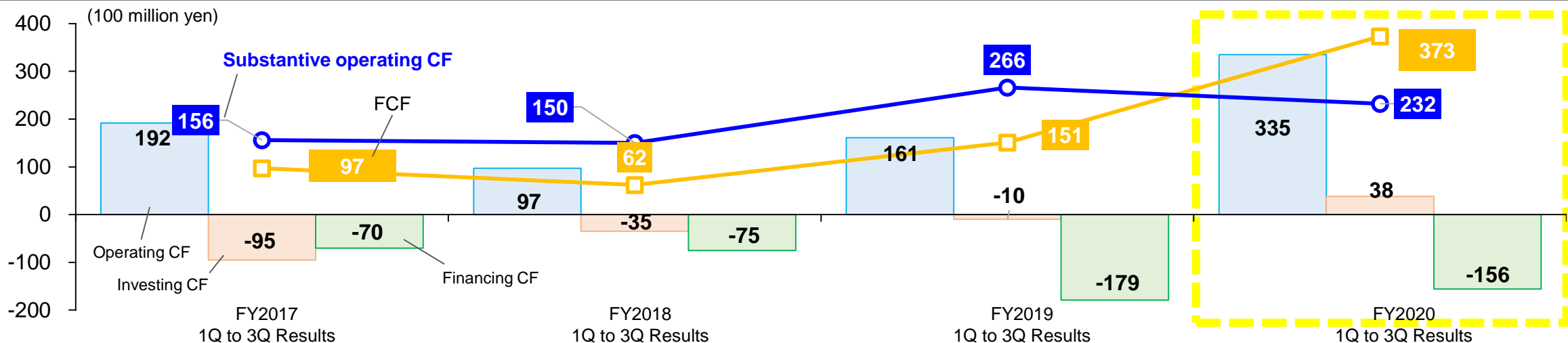
(100 million yen)

	End of March 2020 Results	End of December 2020 Results	Changes
Total assets	3,877	3,997	-120
Net interest-bearing debt	59	-175	-234
Shareholders' equity	1,283	1,328	+45
Ratio of shareholders' equity to net assets	33.1%	33.2%	+0.1pt
Net DER	0.05	-0.13	-0.18



Cash Flows

Operating CF increased after changes in working capital



Cash Flows	FY2017 1Q to 3Q Results	FY2018 1Q to 3Q Results	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results
Cash flows from operating activities	192	97	161	335
Cash flows from investing activities	-95	-35	-10	38
(Free cash flows)	97	62	151	373
Cash flows from financing activities	-70	-75	-179	-156

Substantive cash flows

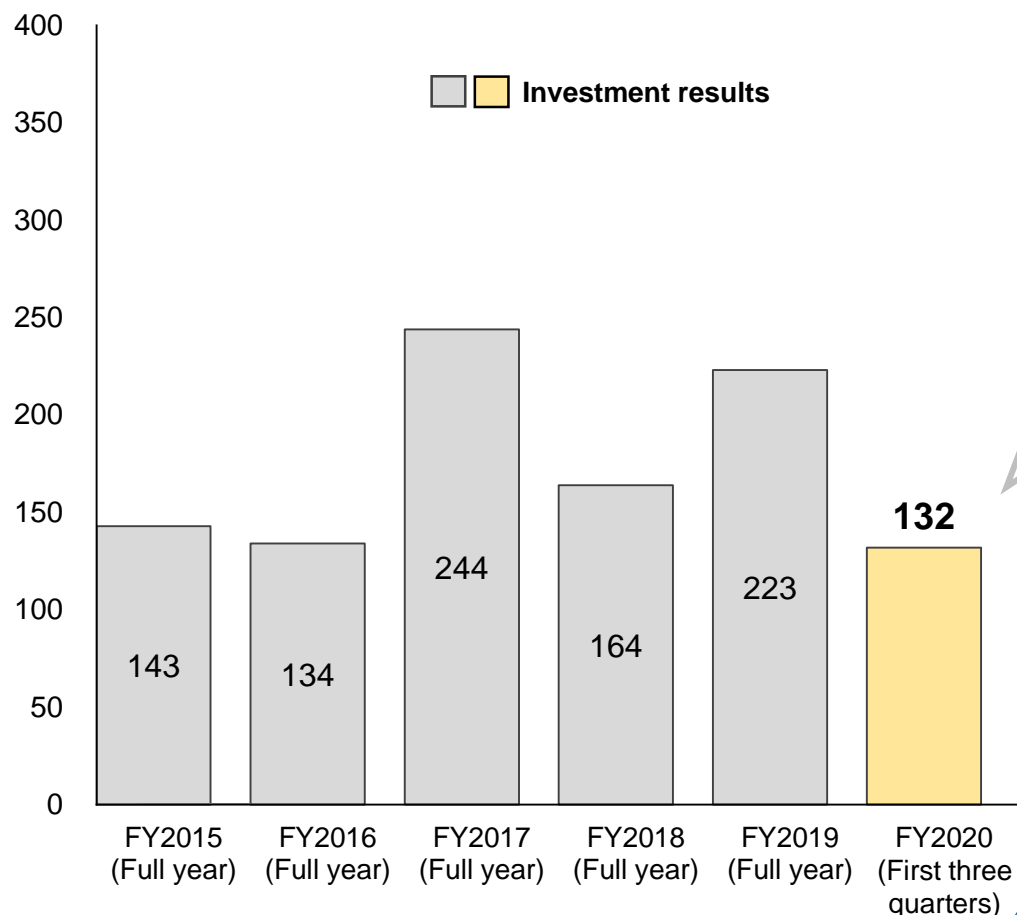
Substantive operating cash flows (*)	156	150	266	232
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(*) Operating CF – Increase/decrease in working capital

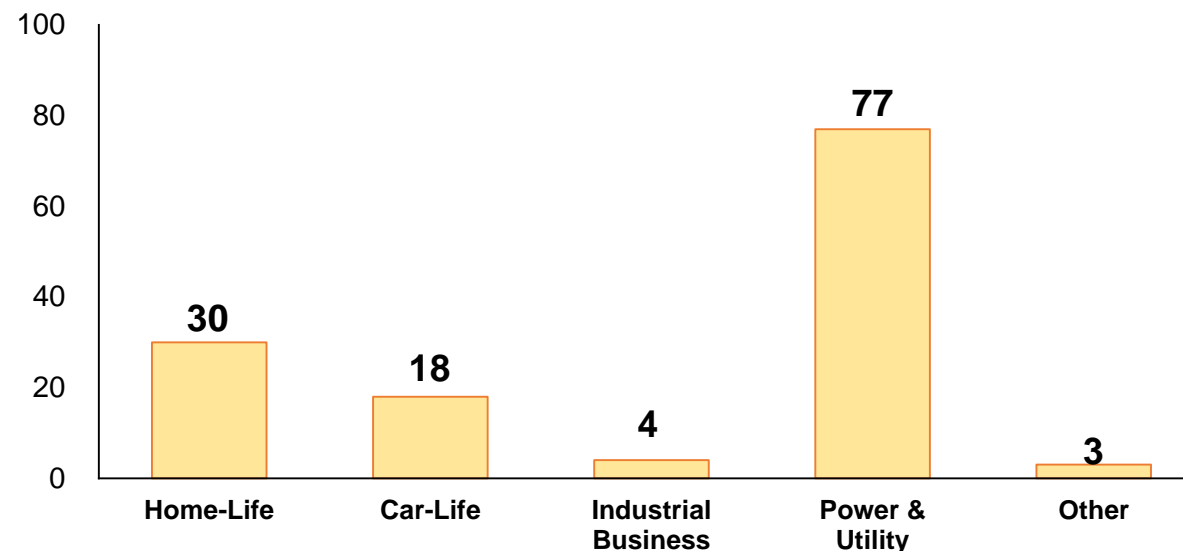
Capital investments were chiefly made in carefully selected items partly due to the pandemic

Company-wide

(100 million yen)



Investment results for the first three quarters of FY2020 by segment

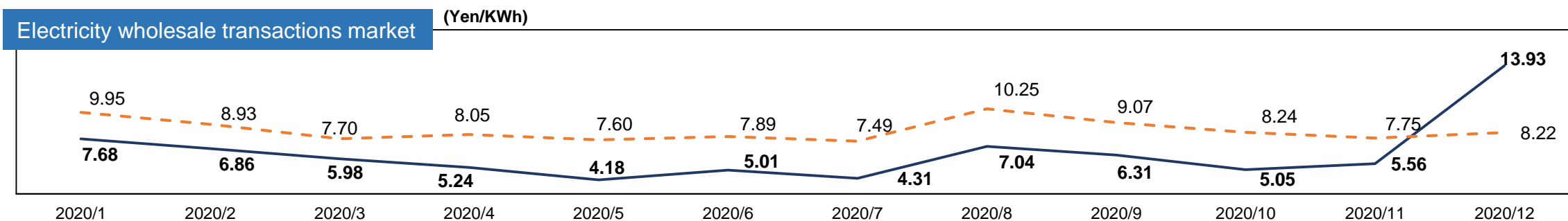
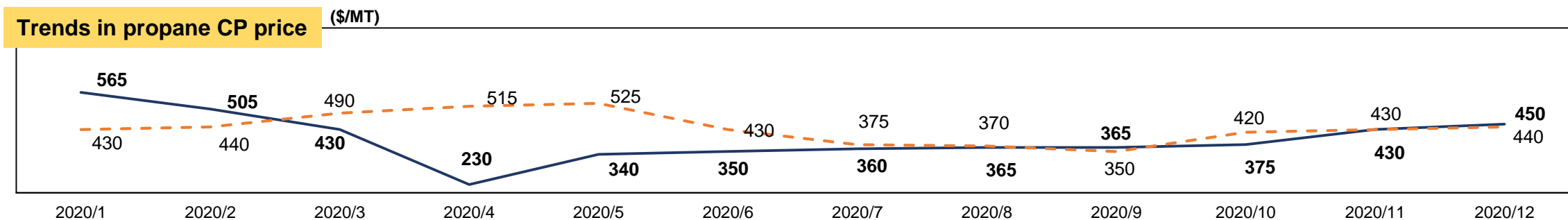
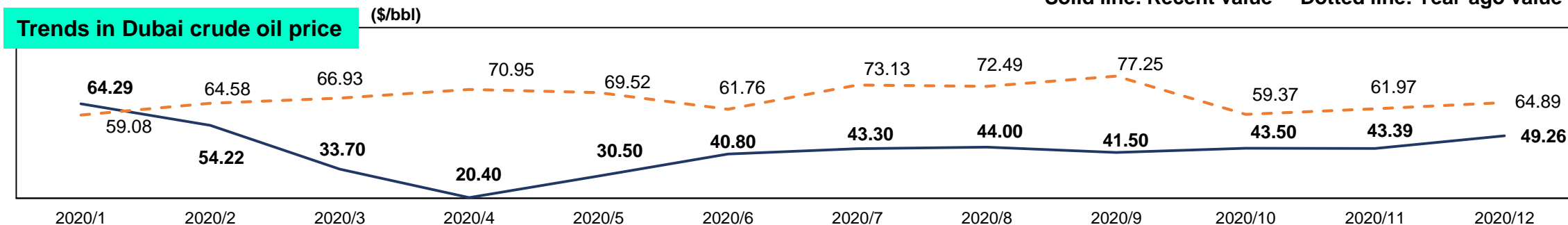


Major investment results

Home-Life	Investment in plant and equipment, acquisition of business rights, etc.
Car-Life	Investment in plant and equipment, etc.
Industrial Business	Investment in plant and equipment, etc.
Power & Utility	Investment in plant and equipment, development projects, etc.
Other	Investment in plant and equipment, etc.

Outlook for crude oil prices continues to be uncertain due to the impact of the COVID-19 coronavirus pandemic.

Solid line: Recent value Dotted line: Year-ago value



Overview of Consolidated Financial Results for First Nine Months of FY2020

(2) Overview by Segment

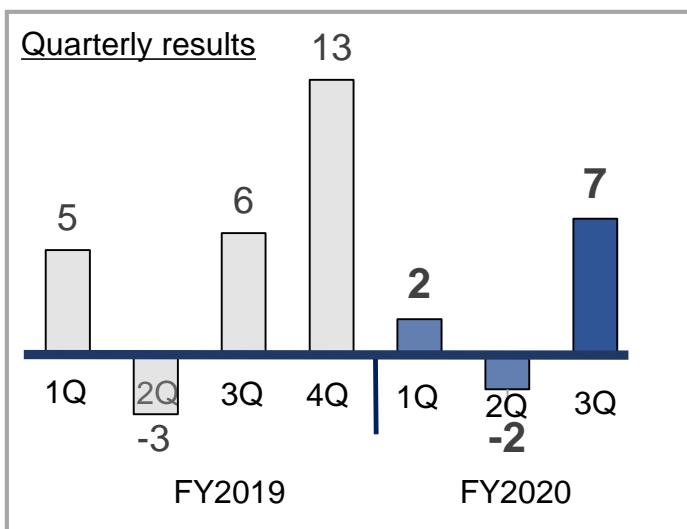
Results by Segment

(100 million yen)

		FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes	Rate of change %	FY2020 Plan	Achievement rate
Company-wide	Net sales	6,711	5,157	-1,554	-23.2	7,100	73%
	Operating profit	152	159	+7	+4.8	160	100%
	Net profit	93	95	+2	+2.6	110	87%
Home-Life	Net sales	600	526	-74	-12.4	—	—
	Operating profit	12	8	-4	-34.7	—	—
	Net profit	8	7	-1	-17.3	26	26%
Car-Life	Net sales	3,847	2,962	-885	-23.0	—	—
	Operating profit	61	56	-5	-7.9	—	—
	Net profit	33	31	-2	-6.4	28	109%
Industrial Business	Net sales	1,550	1,116	-434	-28.0	—	—
	Operating profit	22	38	+16	+71.4	—	—
	Net profit	15	30	+15	+95.6	24	123%
Power & Utility	Net sales	714	553	-161	-22.6	—	—
	Operating profit	52	50	-2	-3.9	—	—
	Net profit	34	23	-10	-30.8	35	67%

Profit dropped reflecting the effect of shrinking sales volumes of LP gas and industrial gas.

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes	Major factors for increase/decrease (Net profit)	(100 million yen)	
					FY2020 Plan	Achievement rate
Gross profit	153	146	-6	The number of customers under direct contract rose slightly to around 551,000, despite a sell-off of business rights. The overall sales volume of LP gas was lower than in the same period a year earlier despite the rise in sales for household use due to demand driven by those refraining from going out and the upward trend of demand for business, industrial and automobile use. Profit decreased after a shrinkage in sales volumes of LP gas and industrial gas.		
Selling, general and administrative expenses	-143	-139	+4			
Operating profit	12	8	-4			
Share of profit (loss) of investments accounted for using the equity method	3	6	+3			
Net profit	8	7	-1			26



Profit (loss) of major affiliates

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	4	4	+0
ECORE (The Company's equity 51%)	4	3	-1
ENEARC (The Company's equity 50%)	4	3	-1

Number of customers (1,000)

	End of March 2020	End of December 2020	Changes
Number of customers under direct LP gas supply contracts	551	551	+0
Number of customers for electricity retail	93	105	+12

Sales volumes

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
LP gas (thousand tons)	369	340	-8%
Industrial gas (million m ³ & thousand tons)	56	48	-19%

Profit decreased following a decline in the sales volume of oil products and a fall in the number of new cars sold in the car dealer business.

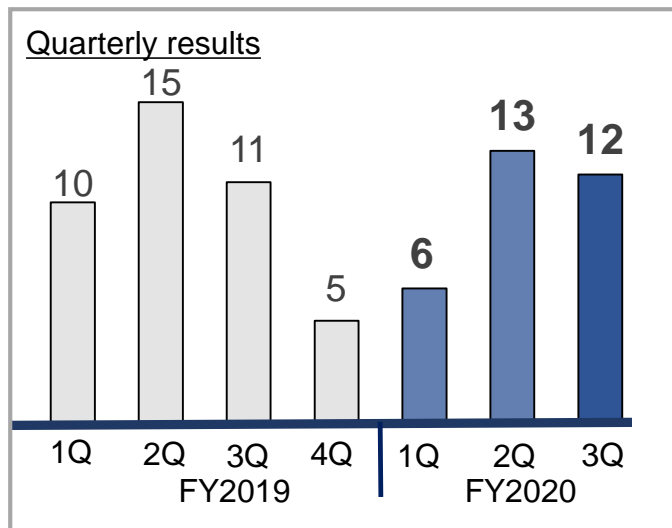
(100 million yen)

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Gross profit	348	346	-2
Selling, general and administrative expenses	-290	-291	-1
Operating profit	61	56	-5
Share of profit (loss) of investments accounted for using the equity method	1	0	-0
Net profit	33	31	-2

Major factors for increase/decrease (Net profit)

The number of filling stations decreased by 16 from the end of the previous fiscal year to 1,688. The sales volume of oil products was down from the same period of the previous year, and so was the number of new cars sold. However, new car sales were strong from October onwards and they are on the upward trend. Profit dropped due to declines in the sales volume of oil products, the number of vehicles sold in the car dealer business and service revenue.

FY2020 Plan	Achievement rate
28	109%



Profit (loss) of major affiliates

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
ENEX FLEET	11	18	+7
Osaka Car Life Group (The Company's equity 51.95%)	5	4	-1

Sales volumes

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Gasoline (thousand KL)	1,449	1,096	-24%
Kerosene (thousand KL)	219	211	-4%
Diesel oil (thousand KL)	1,555	1,502	-3%
New cars (thousand units)	19	17	-10%
Used cars (thousand units)	18	16	-12%

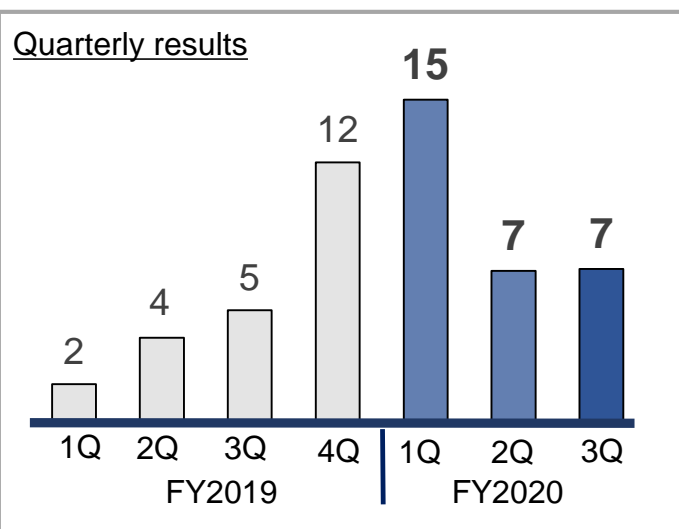
Profit rose substantially thanks to export/import operations for oil products in line with changes in crude oil prices.

(100 million yen)

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Gross profit	55	69	+14
Selling, general and administrative expenses	-35	-31	+4
Operating profit	22	38	+16
Share of profit (loss) of investments accounted for using the equity method	0	1	+0
Net profit	15	30	+15

Major factors for increase/decrease (Net profit)
The sales volume of oil products for industrial use and fuel cards for cars decreased year on year following the slumping operating ratio at factories and the decreased use of cards for company vehicles. The asphalt business saw sales volume fell year on year. Meanwhile, in the marine fuel business, sales volume rose after steady sales to ocean-going vessels. Profit jumped substantially due to export-import operations for oil products in view of changing crude oil prices and the reduction of operating expenses.

FY2020 Plan	Achievement rate
24	123%



Sales volumes

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Gasoline (thousand KL)	686	537	-22%
Kerosene (thousand KL)	410	289	-30%
Diesel oil (thousand KL)	908	802	-12%
Heavy fuel oil (thousand KL)	1,510	1,683	+11%
Asphalt (thousand tons)	273	227	-17%

Profit decreased, reflecting a slide in earnings concerned with development projects

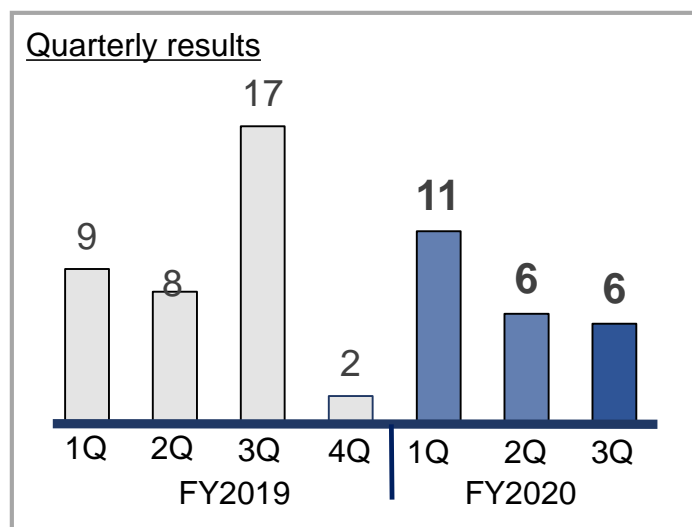
(100 million yen)

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Gross profit	81	83	+2
Selling, general and administrative expenses	-36	-35	+0
Operating profit	52	50	-2
Share of profit (loss) of investments accounted for using the equity method	10	2	-8
Net profit	34	23	-10

Major factors for increase/decrease (Net profit)

Electricity retail sales dropped year on year due to a massive fall in the number of large high-voltage power contracts for corporate use, offsetting a hike in low-voltage sales volume following growth in the consumption volume for household use due to demand from those refraining from going out and the number of low-voltage power contracts mainly for household use. Profit decreased, reflecting a slide in earnings concerned with development projects.

FY2020 Plan	Achievement rate
35	67%



Profit (loss) of major affiliates

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
ENEX Electric Power Group	6	8	+2
ENEX LIFE SERVICE	2	2	+0
Tokyo Toshi Service Company (The Company's equity 66.6%)	9	10	+1
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	6	9	+3

Sales volumes

	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Electricity Retail (GWh)*	1,810	1,636	-10%
Breakdown: Sales of high voltages*	1,511	1,236	-18%
Sales of low voltages*	299	401	+35%
Steam (thousand tons)	400	380	-5%
Heat quantity (TJ)	1,000	974	-3%

(* Calculated based on preliminary values)

Appendix

Quarterly Results (Company-Wide)

(100 million yen)

	FY2019/1H Results	FY2020/1H Results	Changes	FY2019 3Q Results	FY2020 3Q Results	Changes	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Net sales	4,391	3,195	-1,196	2,320	1,961	-359	6,711	5,157	-1,554
Gross profit	423	421	-2	214	223	+9	637	644	+7
Selling, general and administrative expenses	-330	-319	+11	-168	-170	-1	-499	-489	+10
Operating profit	95	102	+6	57	58	+2	152	159	+7
Share of profit (loss) of investments accounted for using the equity method	7	4	-2	7	3	-4	14	8	-5
Net profit	52	62	+11	41	33	-8	93	95	+2

Appendix

Quarterly Results (by Segment)

(100 million yen)		FY2019/1H Results	FY2020/1H Results	Changes	FY2019 3Q Results	FY2020 3Q Results	Changes	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	Changes
Company-wide	Net sales	4,391	3,195	-1,196	2,320	1,961	-359	6,711	5,157	-1,554
	Operating profit	95	102	+6	57	58	+2	152	159	+7
	Net profit	52	62	+11	41	33	-8	93	95	+2
Home-Life	Net sales	366	302	-64	234	224	-10	600	526	-74
	Operating profit	6	0	-6	6	7	+2	12	8	-4
	Net profit	2	0	-2	6	7	+1	8	7	-1
Car-Life	Net sales	2,556	1,839	-717	1,291	1,124	-168	3,847	2,962	-885
	Operating profit	47	34	-13	14	22	+8	61	56	-5
	Net profit	25	19	-6	8	12	+4	33	31	-2
Industrial Business	Net sales	955	685	-270	596	431	-165	1,550	1,116	-434
	Operating profit	10	28	+18	12	10	-2	22	38	+16
	Net profit	7	23	+16	9	7	-1	15	30	+15
Power & Utility	Net sales	515	370	-145	199	183	-16	714	553	-161
	Operating profit	29	34	+5	23	16	-7	52	50	-2
	Net profit	17	17	+1	17	6	-11	34	23	-10

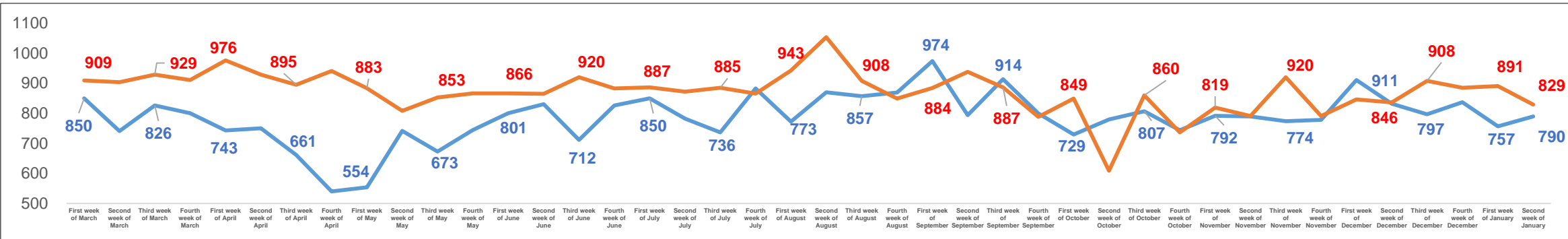
Appendix

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

* Created based on statistics from Petroleum Association of Japan

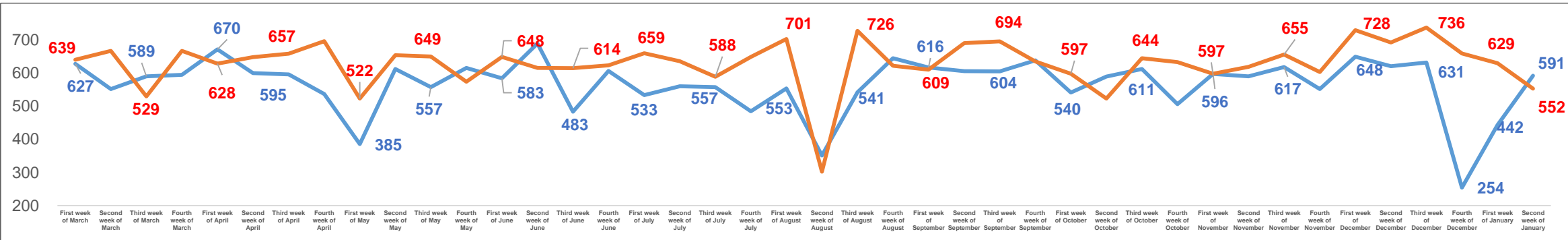
Weekly shipment volume of gasoline

Unit: Thousand kiloliters



Weekly shipment volume of diesel oil

Unit: Thousand kiloliters



[Reference] Monthly sales volume of LP gas (January to November, national statistics)

Unit: Thousand tons	January			February			March			April			May			June		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	827	780	-6%	795	747	-6%	750	749	-1%	675	646	-4%	562	513	-9%	449	454	+1%
For cars	50	45	-10%	48	42	-12%	50	41	-19%	49	29	-42%	47	22	-53%	48	31	-36%

Unit: Thousand tons	July			August			September			October			November		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	497	451	-9%	437	412	-6%	438	401	-8%	514	526	+2%	608	616	+1%
For cars	50	37	-27%	52	35	-32%	47	35	-26%	47	36	-24%	46	33	-27%

* Created based on statistics from Japan LP Gas Association

[Reference] Monthly sales of new cars (standard-sized cars and compact cars) (January to December, national statistics)

Unit: Thousand units	January			February			March			April			May			June		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
Number of new cars sold	218	193	-12%	261	233	-11%	357	322	-10%	200	145	-28%	213	124	-42%	248	182	-27%

Unit: Thousand units	July			August			September			October			November			December		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
Number of new cars sold	258	207	-20%	202	169	-16%	300	252	-16%	165	221	+35%	206	219	+6%	195	211	+8%

* Created based on statistics from Japan Automobile Dealers Association

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