

This document is an English translation of financial results report released on April 30, 2021 and written initially in Japanese. The Japanese original should be considered as the primary version.



MEMBERSHIP

April 30, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <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, Executive Officer, Assistant to Chief Financial Officer and General Manager, Finance & General Accounting Department
 Tel: +81-3-4233-8008

Scheduled date of ordinary general meeting of shareholders: June 16, 2021
 Scheduled date to commence dividend payments: June 17, 2021
 Scheduled date to file annual securities report: June 16, 2021
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	739,067	(17.6)	19,346	0.5	20,039	0.3	14,364	1.3	12,168	0.9	15,185	7.7
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

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, 2021	107.79	—	9.2	5.0	2.6
March 31, 2020	106.81	—	9.6	5.2	2.1

Reference: Share of profit (loss) of investments accounted for using equity method
 For the fiscal year ended March 31, 2021: ¥1,726 million
 For the fiscal year ended March 31, 2020: ¥1,768 million

(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, 2021	408,327	161,399	136,233	33.4	1,206.88
March 31, 2020	387,657	151,884	128,333	33.1	1,136.89

(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, 2021	40,214	(125)	(24,528)	34,841
March 31, 2020	28,106	(1,411)	(26,196)	19,243

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, 2020	–	21.00	–	23.00	44.00	4,971	41.2	4.0
March 31, 2021	–	22.00	–	28.00	50.00	5,649	46.4	4.3
Fiscal year ending March 31, 2022 (Forecast)	–	23.00	–	23.00	46.00		41.5	

Note: Breakdown of year-end dividend for the fiscal year ended March 31, 2021: Ordinary dividend of ¥22.00, and anniversary commemorative dividend of ¥6.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Profit from operating activities		Profit before tax		Net profit attributable to Itochu Enex's shareholders		Basic earnings per share attributable to Itochu Enex's shareholders
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	–	–	–	–	–	–	–	–	–
Fiscal year ending March 31, 2022	800,000	8.2	20,500	6.0	21,200	5.8	12,500	2.7	110.74

Note: The Company's performance is evaluated on a fiscal year basis. Accordingly, consolidated earnings forecasts for the first six months of fiscal year are not prepared.

*** 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: None
- b. Changes in accounting policies other than the above: None
- c. Changes in accounting estimates: None

(3) Number of issued shares (common stock)

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

As of March 31, 2021	116,881,106 shares
As of March 31, 2020	116,881,106 shares

b. Number of treasury stock at end of period

As of March 31, 2021	4,000,323 shares
As of March 31, 2020	4,000,584 shares

c. Average number of outstanding shares during period

Fiscal year ended March 31, 2021	112,880,739 shares
Fiscal year ended March 31, 2020	112,879,973 shares

*** Note on financial results**

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

* 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, 2021" on page 2 of the attached materials for matters relating to earnings forecasts.

Contents of Attached Materials

1. Overview of Operating Results and Others	2
(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2021	2
(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2021	7
(3) Profit Distribution Policy and Dividends for the Fiscal Years Ended March 31, 2021 and Ending March 31, 2022	9
2. Basic Concepts Underlying Selection of Accounting Standards	10
3. Consolidated Financial Statements and Significant Notes Thereto	11
(1) Consolidated Statement of Financial Position	11
(2) Consolidated Statement of Comprehensive Income	13
(3) Consolidated Statement of Changes in Equity	15
(4) Consolidated Statement of Cash Flows	16
(5) Notes to Consolidated Financial Statements	18
Notes on Uncertainties of Entity’s Ability to Continue as Going Concern	18
Segment Information	18
Earnings per Share	21
Significant Events after the Reporting Period	21

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2021

1) Results of operations

During the fiscal year ended March 31, 2021, the environment in the Japanese economy remained extremely difficult, with a sharp drop in consumer spending due to voluntary stay-at-home directives, as well as requests by local authorities to refrain from business activities, following two declarations of states of emergency to prevent the spread of the novel coronavirus disease (COVID-19), resulting in a significant slowdown in economic activity. As of 2021, the future outlook remains extremely uncertain.

The Group has established the “emergency headquarters for tackling the coronavirus pandemic,” headed by the President, to carry out appropriate company-wide management by deciding on and executing company-wide policies and necessary measures, and by continuously collecting and spreading information internally and externally. In addition, with “employee safety” and “infection prevention” as the Company’s top priorities, we are working to reduce the risk of infection through telecommuting, working at staggered hours and thorough disinfection of business sites, as well as to increase operational efficiency by improving the communication network environment necessary for the execution of business.

In terms of business, we promoted our business in accordance with our two-year medium-term business plan “Moving 2020 Horizons” announced in April 2019.

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:

- (1) Net profit attributable to Itochu Enex’s shareholders: ¥11.0 billion
- (2) Dividend payout ratio: 40% or above
- (3) Real operating cash flow*2: ¥20.0 billion or above
- (4) Planned investment (2-year total): ¥43.0 billion

*1 The aforementioned quantitative plan has been reviewed on May 15, 2020 to take into account the impact of COVID-19.

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

The operating results for the fiscal year ended March 31, 2021 are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Revenue	897,427	739,067	(158,360)
Profit from operating activities	19,257	19,346	89
Net profit attributable to Itochu Enex's shareholders	12,056	12,168	112

Revenue was ¥739,067 million (down 17.6% year on year). This was mainly due to the impact resulting from declining sales prices linked to a fall in crude oil prices and the decrease in sales volumes of domestic petroleum products.

Profit from operating activities was ¥19,346 million (up 0.5% year on year), and net profit attributable to Itochu Enex's shareholders was ¥12,168 million (up 0.9% year on year). This was mainly due to solid sales volumes of LP gas for households due to demand from staying at home despite the decrease in sales volumes in all segments as an impact of COVID-19, operations in response to fluctuations in crude oil price in the import/export business of petroleum products, as well as due to reduction of operating expenses, etc. Net profit attributable to Itochu Enex's shareholders constituted a new record-high profit for a sixth 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, 2020, the reportable segments have changed. As a result of the reorganization of the Group, the import/export business of petroleum products and the terminal tank rental business which were part of the "Car-Life Division" have been reclassified as the "Industrial Business Division."

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

Home-Life Division

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Revenue	89,084	78,962	(10,122)
Profit from operating activities	2,799	1,553	(1,246)
Net profit attributable to Itochu Enex's shareholders	2,113	1,726	(387)

In the Home-Life Division during the fiscal year ended March 31, 2021, although there was an impact from factors including the restraint on business activities caused by COVID-19, the number of customers under direct LP gas supply contracts was approximately 552,000 (up 1,000 from the end of the previous fiscal year) as a result of promoting activities aimed at expanding the customer base and purchasing business rights. Sales volumes of LP gas decreased year on year overall as demand for gas for commercial and industrial decreased despite being on a recovery trend, while demand for households increased as a result of demand from staying at home caused by voluntary stay-at-home directives.

Regarding sales of electricity for households, the division promoted the expansion of the customer base by focusing mainly on selling LP gas as a set. As a result, the number of supply contracts was a total of approximately 109,000.

Regarding the industrial gas business, sales volumes declined year on year due to a decrease in sales of carbonic acid gas for use in beverages, primarily for restaurants, and dry ice for food transportation, as well as the impact of reduced utilization rates of the customer plants to which we are supplying.

As a result of these activities, the operating results for the fiscal year ended March 31, 2021 are as follows.

Revenue was ¥78,962 million (down 11.4% year on year). This was due mainly to the decrease in the sales volume of LP gas and industrial gas due to sluggish economic activity.

Profit from operating activities was ¥1,553 million (down 44.5% year on year). Net profit attributable to Itochu Enex's shareholders was ¥1,726 million (down 18.3% year on year). This was due mainly to the steep rise in the market price of electricity and the decrease in the sales volume of other LP gas and industrial gas, despite securing a certain amount of revenue due to the increase in demand for LP gas for households.

Car-Life Division

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Revenue	506,669	414,641	(92,028)
Profit from operating activities	7,477	7,604	127
Net profit attributable to Itochu Enex's shareholders	4,082	4,054	(28)

Looking at the Car-Life Division during the fiscal year ended March 31, 2021, in the Car-Life Stations (CS)*3 business, the number of the CS was 1,687, a decrease of 17 from the end of the previous fiscal year. Sales volumes of petroleum products decreased year on year due to a decrease in sales volumes of gasoline and diesel oil as a result of voluntary stay-at-home directives due to the impact of COVID-19 and weak economic activity.

In the automotive business, our car dealer business subsidiary OSAKA CAR LIFE GROUP CO., LTD. experienced year-on-year decline in sales volume in the first half in reaction to a decrease in the number of customers due to shortened store business hours caused by COVID-19. The annual number of vehicles sold returned to the level in a typical year due to the contribution from sales of new vehicles in the second half.

As a result of these activities, the operating results for the fiscal year ended March 31, 2021 are as follows.

Revenue was ¥414,641 million (down 18.2% year on year). This was mainly due to the impact resulting from declining sales prices linked to a fall in crude oil prices and the decrease in sales volumes of domestic petroleum products.

Profit from operating activities was ¥7,604 million (up 1.7% year on year). This was mainly due to an increase of revenue in the automotive business. Net profit attributable to Itochu Enex's shareholders was ¥4,054 million (down 0.7% year on year).

*3 Car-Life Stations (CS): 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, 2021	Change
Revenue	210,459	160,778	(49,681)
Profit from operating activities	3,638	5,010	1,372
Net profit attributable to Itochu Enex's shareholders	2,541	3,857	1,316

Looking at the Industrial Business Division during the fiscal year ended March 31, 2021, in the industrial fuel sales business, sales volumes decreased year on year because utilization rates of the customer plants to which we are supplying reduced due to the impact of COVID-19. In addition, in the asphalt business, sales volume also decreased year on year due to changes in the procurement environment and decline in utilization rates of refineries. In the marine fuel sales business, sales volumes rose year on year due to steady sales for ocean-going vessels. In the petroleum products import/export business, revenue increased year on year due to successful operations in response to fluctuations in crude oil price.

As a result of these activities, the operating results for the fiscal year ended March 31, 2021 are as follows.

Revenue was ¥160,778 million (down 23.6% year on year). This was due mainly to declining sales prices of industrial petroleum products caused by a fall in the crude oil prices and the decrease in sales volumes.

Profit from operating activities was ¥5,010 million (up 37.7% year on year). Net profit attributable to Itochu Enex's shareholders was ¥3,857 million (up 51.8% year on year). This was mainly due to operations in response to fluctuations in crude oil price in the import/export business of petroleum products and due to reduction of operating expenses.

Power & Utility Division

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Revenue	91,215	84,686	(6,529)
Profit from operating activities	5,758	5,220	(538)
Net profit attributable to Itochu Enex's shareholders	3,475	2,669	(806)

In the electric power business of the Power & Utility Business, during the fiscal year ended March 31, 2021, high-voltage power sales volumes decreased year on year due to reduction in utilization rates of the customer stores, plants, etc. to which we are supplying electric power caused by the impact of COVID-19, as well as a decrease in high-voltage power contracts for business users.

On the other hand, although low-voltage sales volumes increased due to an increase in household electric power consumption as a result of improved rates of working from home and there was an increase in the number of low-voltage power contracts, particularly for households, retail electricity sales volumes decreased year on year overall.

The heat supply business*⁴ commenced business in the Kitanakadoriminami area of Yokohama from February 2020, but demand for heat slightly decreased year on year due to the impact of suspension of business activities of tenants to which we are supplying heat and working from home, caused by the impact of COVID-19.

As a result of these activities, the operating results for the fiscal year ended March 31, 2021 are as follows.

Revenue was ¥84,686 million (down 7.2% year on year). This decrease was due mainly to a decrease in sales volumes caused by the shift to agency arrangements for the sales and supply/demand management in the electric power business.

Profit from operating activities was ¥5,220 million (down 9.3% year on year). Net profit attributable to Itochu Enex's shareholders was ¥2,669 million (down 23.2% year on year). This was mainly due to a decrease in profit associated with the electric power business development project.

*⁴ 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, 2022

In the forecast of consolidated financial results for the fiscal year ending March 31, 2022, we project ¥800,000 million in revenue, up 8.2% year on year, ¥20,500 million in profit from operating activities, up 6.0% year on year, ¥21,200 million in profit before tax, up 5.8% year on year, and ¥12,500 million in net profit attributable to Itochu Enex's shareholders, up 2.7% year on year. Basic earnings per share attributable to Itochu Enex's shareholders are projected at ¥110.74.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2021

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

Assets, liabilities and equity

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Change
Total assets	387,657	408,327	20,670
Total liabilities	235,773	246,928	11,155
Total equity	151,884	161,399	9,515

Total assets amounted to ¥408,327 million as of March 31, 2021, an increase of ¥20,670 million from March 31, 2020. This was mainly due to an increase in cash and cash equivalents of ¥15,598 million resulting from a decrease in working capital and others. Total liabilities amounted to ¥246,928 million, an increase of ¥11,155 million from March 31, 2020. This was mainly due to an increase in trade payables of ¥18,832 million due to an increase in purchase prices resulting from a rise in the crude oil prices. Total equity totaled ¥161,399 million, an increase of ¥9,515 million from March 31, 2020, due to factors including an increase of ¥12,168 million from net profit attributable to Itochu Enex's shareholders and a decrease of ¥5,759 million by payment of cash dividends.

We consequently ended the fiscal year with a ratio of shareholders' equity to total assets of 33.4%.

Cash flows

The Group is carefully selecting investments, giving consideration to COVID-19, and focusing on capital investment for the current fiscal year.

The spread of 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 negative 0.13 times.

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Cash flows from operating activities	28,106	40,214	12,108
Cash flows from investing activities	(1,411)	(125)	1,286
[Free cash flows]	(26,695)	(40,089)	(13,394)
Cash flows from financing activities	(26,196)	(24,528)	1,668
Net increase in cash and cash equivalents	499	15,561	15,062
Effect of exchange rate changes on cash and cash equivalents	19	37	18
Cash and cash equivalents at the end of the period	19,243	34,841	15,598

Cash and cash equivalents (net cash) totaled ¥34,841 million as of March 31, 2021, up ¥15,598 million from March 31, 2020.

Cash flows from operating activities

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Cash flows from operating activities	28,106	40,214	12,108
Changes in working capital and others	(8,399)	7,359	15,758
Real operating cash flow*	36,505	32,855	(3,650)

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

Operating activities provided net cash of ¥40,214 million. Major items included profit before tax of ¥20,039 million, depreciation and amortization of ¥19,930 million, and a decrease in funds required for trading of ¥1,216 million. Net cash provided increased ¥12,108 million year on year. Moreover, real operating cash flow decreased ¥3,650 million year on year due to special factors.

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 2019 to 2020, we have proceeded with investments in maintaining and deepening our important revenue base that generates cash flow, as well as 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 ¥125 million in funds used for investing activities. Cash used included purchase of investments (including investments accounted for by the equity method) of ¥5,375 million, mainly in the Power & Utility Division, payments for purchase of property, plant and equipment and investment property of ¥11,646 million, and purchase of intangible assets of ¥1,618 million. Meanwhile, cash provided included proceeds from sales and redemption of investments (including investments accounted for by the equity method) of ¥5,521 million, collection of loans receivable of ¥1,180 million, and decrease in deposits paid of ¥11,021 million. Net cash used decreased ¥1,286 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 ¥24,528 million in funds used for financing activities. This was mainly due to proceeds from short-term bonds (commercial papers) and borrowings of ¥11,050 million for responding to COVID-19, redemption of short-term bonds (commercial papers) and repayments of borrowings of ¥18,941 million, and repayments of lease liabilities of ¥11,106 million. Net cash used decreased ¥1,668 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,	2019	2020	2021
Ratio of shareholders' equity to total assets (%)	32.7	33.1	33.4
Ratio of shareholders' equity to total assets at market value (%)	26.9	24.6	30.2
Ratio of cash flow to interest-bearing debt (years)	1.3	0.9	0.4
Interest-coverage ratio (times)	30.3	25.0	37.6

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, 2021 and Ending March 31, 2022

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, 2021, we plan to pay a year-end dividend of ¥22 per share and a 60th anniversary commemorative dividend of ¥6 per share. For the fiscal year ending March 31, 2022, we plan to pay annual dividends of ¥46 per share (including an interim dividend of ¥23 per share).

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, 2020	As of March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	19,243	34,841
Trade receivables	86,911	99,764
Other current financial assets	28,095	17,900
Inventories	24,263	25,495
Income taxes receivable	98	3,055
Trade advances paid	128	100
Other current assets	2,502	2,710
Total current assets	161,240	183,865
Non-current assets		
Investments accounted for by the equity method	31,583	29,437
Other investments	3,860	4,246
Non-current financial assets other than investments	11,942	10,330
Property, plant and equipment	132,870	136,291
Investment property	13,147	12,797
Goodwill	521	521
Intangible assets	20,005	19,688
Deferred tax assets	10,374	9,728
Other non-current assets	2,115	1,424
Total non-current assets	226,417	224,462
Total assets	387,657	408,327

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
LIABILITIES AND EQUITY		
Current liabilities		
Short-term bonds and borrowings	7,024	3,041
Trade payables	83,936	102,768
Lease liabilities	9,591	10,285
Other current financial liabilities	6,216	5,614
Income taxes payable	4,172	3,874
Advances from customers	9,437	11,006
Other current liabilities	12,848	14,353
Total current liabilities	133,224	150,941
Non-current liabilities		
Non-current bonds and borrowings	18,156	14,418
Lease liabilities	52,713	50,499
Other non-current financial liabilities	14,225	14,425
Non-current liabilities for employee benefits	10,335	9,925
Deferred tax liabilities	1,721	1,001
Provisions	5,255	5,465
Other non-current liabilities	144	254
Total non-current liabilities	102,549	95,987
Total liabilities	235,773	246,928
Equity		
Common stock	19,878	19,878
Capital surplus	18,934	18,974
Retained earnings	92,761	99,829
Other components of equity	(1,370)	(576)
Treasury stock	(1,870)	(1,871)
Total shareholders' equity	128,333	136,233
Non-controlling interests	23,551	25,165
Total equity	151,884	161,399
Total liabilities and equity	387,657	408,327

(2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Revenue	897,427	739,067
Cost of sales	(811,009)	(652,178)
Gross profit	86,418	86,889
Other income and expense		
Selling, general and administrative expenses	(68,858)	(67,115)
Loss from tangible assets, intangible assets and goodwill	(428)	(1,369)
Other – net	2,125	941
Total other income and expense	(67,161)	(67,543)
Profit from operating activities	19,257	19,346
Financial income and costs		
Interest income	58	41
Dividends received	103	509
Interest expense	(1,126)	(1,070)
Other financial income and costs – net	(82)	(513)
Total financial income and costs	(1,047)	(1,033)
Share of profit of investments accounted for by the equity method	1,768	1,726
Profit before tax	19,978	20,039
Income tax expense	(5,793)	(5,675)
Net profit	14,185	14,364
Net profit attributable to:		
Net profit attributable to Itochu Enex's shareholders	12,056	12,168
Net profit attributable to non-controlling interests	2,129	2,196
Total	14,185	14,364

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss		
FVTOCI financial assets	(215)	219
Remeasurement of net defined benefit liability	(90)	26
Other comprehensive income of investments accounted for by the equity method	(41)	77
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(7)	(65)
Cash flow hedges	82	147
Other comprehensive income of investments accounted for by the equity method	182	417
Total other comprehensive income, net of tax effect	(89)	821
Comprehensive income	14,096	15,185
Comprehensive income attributable to:		
Comprehensive income attributable to Itochu Enex's shareholders	12,033	12,945
Comprehensive income attributable to non-controlling interests	2,063	2,240
Total	14,096	15,185

(Yen)

Earnings per share attributable to Itochu Enex's shareholders		
Basic	106.81	107.79
Diluted	—	—

(Millions of yen)

Total trading transactions	1,104,548	922,557
----------------------------	-----------	---------

(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, 2020

(Millions of yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
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)
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			3	15		15
Balance at March 31, 2020	19,878	18,934	92,761	(1,370)	(1,870)	128,333	23,551	151,884

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance at April 1, 2020	19,878	18,934	92,761	(1,370)	(1,870)	128,333	23,551	151,884
Net profit			12,168			12,168	2,196	14,364
Other comprehensive income				777		777	44	821
Comprehensive income			12,168	777		12,945	2,240	15,185
Transactions with owners								
Cash dividends			(5,084)			(5,084)	(675)	(5,759)
Changes due to additional acquisitions and sales of interests in subsidiaries						–	50	50
Transfer from other components of equity to retained earnings			(17)	17		–		–
Purchase and disposal of treasury stock					(1)	(1)		(1)
Share-based payments		39			1	40		40
Balance at March 31, 2021	19,878	18,974	99,829	(576)	(1,871)	136,233	25,165	161,399

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before tax	19,978	20,039
Depreciation and amortization	19,580	19,930
Loss from tangible assets, intangible assets and goodwill	428	1,369
Financial income and costs	1,047	1,033
Share of profit of investments accounted for by the equity method	(1,768)	(1,726)
Decrease (increase) in trade receivables	19,388	(12,927)
Decrease (increase) in inventories	8,814	(4,807)
Increase (decrease) in trade payables	(37,741)	18,950
Other – net	1,140	6,143
Dividends received	1,613	3,105
Interest received	56	41
Interest expense	(1,126)	(1,006)
Income taxes paid	(5,836)	(10,028)
Income taxes refund	2,533	98
Net cash flows provided by operating activities	28,106	40,214
Cash flows from investing activities		
Purchase of investments (including investments accounted for by the equity method)	(2,825)	(5,375)
Proceeds from sales and redemption of investments (including investments accounted for by the equity method)	5,201	5,521
Acquisition of subsidiaries, net of cash acquired	(5,566)	–
Proceeds from acquisition of subsidiaries	680	11
Proceeds from sales of subsidiaries, net of cash acquired	2,905	–
Payment for loans receivable	(1,017)	(875)
Collection of loans receivable	1,316	1,180
Payments for purchase of property, plant and equipment and investment property	(11,941)	(11,646)
Proceeds from sales of property, plant and equipment and investment property	2,616	700
Purchase of intangible assets	(1,980)	(1,618)
Proceeds from sales of intangible assets	22	219
Decrease in deposits paid – net	8,979	11,021
Other – net	199	737
Net cash flows used in investing activities	(1,411)	(125)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Proceeds from bonds and borrowings	–	11,050
Repayments of bonds and borrowings	(8,381)	(18,941)
Repayments of lease liabilities	(10,804)	(11,106)
Net increase (decrease) in short-term borrowings	(1,753)	179
Payments for additional acquisitions of interests in subsidiaries from non-controlling interests	(30)	–
Capital contribution from non-controlling interests	50	50
Cash dividends paid to Itochu Enex's shareholders	(4,859)	(5,084)
Cash dividends paid to non-controlling interests	(419)	(675)
Purchase of treasury stock	(0)	(1)
Net cash flows used in financing activities	(26,196)	(24,528)
Net increase in cash and cash equivalents	499	15,561
Cash and cash equivalents at the beginning of the period	18,725	19,243
Effect of exchange rate changes on cash and cash equivalents	19	37
Cash and cash equivalents at the end of the period	19,243	34,841

(5) Notes to Consolidated Financial Statements

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

No items to report.

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.

The Industrial Business Division engages in sales and services involving gasoline, kerosene, diesel oil, fuel oil, LP gas, high-grade urea solution "AdBlue," GTL fuel, corporate fleet refueling cards asphalt, and marine fuel, as well as recycling of fly ash, recovery and recycling of slop, import/ export of petroleum products and terminal tank rental.

The Power & Utility Division is engaged in the sale of electricity (wind, hydropower, photovoltaic power, coal-fired, natural gas-fired) 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.

During the fiscal year ended March 31, 2021, the import/export business of petroleum products and the terminal tank rental business which were part of the "Car-Life Division" have been reclassified as the "Industrial Business Division."

Furthermore, in conjunction with the absorption-type merger of ENEXAUTO CO., LTD., which was a subsidiary of the Company, by ENEX LIFE SERVICE Co., Ltd., a subsidiary of the Company, the Group reviewed the management classification and changed the method to include the business of ENEXAUTO CO., LTD., which was previously included in the Car-Life Division, in the Power & Utility Division.

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, 2020

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life Division	Car-Life Division	Industrial Business Division	Power & Utility Division			
Revenue							
Revenue from external customers	89,084	506,669	210,459	91,215	897,427	–	897,427
Intersegment revenue	81	13,840	6,305	4,137	24,363	(24,363)	–
Total revenue	89,165	520,509	216,764	95,352	921,790	(24,363)	897,427
Gross profit	21,958	46,543	8,066	9,851	86,418	–	86,418
Selling, general and administrative expenses	(19,449)	(39,192)	(4,732)	(5,044)	(68,417)	(441)	(68,858)
Profit (loss) from tangible assets, intangible assets and goodwill	172	(212)	(44)	(340)	(424)	(4)	(428)
Other profit	118	338	348	1,292	2,096	29	2,125
Profit from operating activities	2,799	7,477	3,638	5,758	19,673	(416)	19,257
Financial income and costs	(23)	(505)	(7)	(412)	(947)	(100)	(1,047)
Share of profit of investments accounted for by the equity method	825	103	54	786	1,768	–	1,768
Profit before tax	3,601	7,076	3,685	6,132	20,494	(516)	19,978
Net profit attributable to Itochu Enex's shareholders	2,113	4,082	2,541	3,475	12,211	(155)	12,056
Other items							
Depreciation and amortization	(3,759)	(7,877)	(1,815)	(4,787)	(18,238)	(1,342)	(19,580)
Impairment loss	(145)	(204)	–	(144)	(493)	–	(493)
Total assets	67,240	148,097	49,277	92,077	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	3,130	194	6,038	13,050	871	13,921
Increase in right-of-use assets	918	3,803	1,166	4,278	10,165	65	10,230
Total trading transactions	98,328	544,270	368,059	93,891	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.

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life Division	Car-Life Division	Industrial Business Division	Power & Utility Division			
Revenue							
Revenue from external customers	78,962	414,641	160,778	84,686	739,067	–	739,067
Intersegment revenue	54	10,910	5,262	4,224	20,450	(20,450)	–
Total revenue	79,016	425,551	166,040	88,910	759,517	(20,450)	739,067
Gross profit	20,429	46,776	9,426	10,258	86,889	–	86,889
Selling, general and administrative expenses	(18,750)	(39,162)	(4,103)	(4,985)	(67,000)	(115)	(67,115)
Loss from tangible assets, intangible assets and goodwill	(157)	(214)	(310)	(668)	(1,349)	(20)	(1,369)
Other profit (loss)	31	204	(3)	615	847	94	941
Profit from operating activities	1,553	7,604	5,010	5,220	19,387	(41)	19,346
Financial income and costs	(14)	(453)	438	(855)	(884)	(149)	(1,033)
Share of profit of investments accounted for by the equity method	1,410	69	66	181	1,726	–	1,726
Profit before tax	2,949	7,220	5,514	4,546	20,229	(190)	20,039
Net profit attributable to Itochu Enex's shareholders	1,726	4,054	3,857	2,669	12,306	(138)	12,168
Other items							
Depreciation and amortization	(3,887)	(7,604)	(1,799)	(5,089)	(18,379)	(1,551)	(19,930)
Impairment loss	(119)	(136)	(295)	(496)	(1,046)	–	(1,046)
Total assets	72,235	150,123	56,288	94,979	373,625	34,702	408,327
Investments accounted for by the equity method	20,282	429	194	8,532	29,437	–	29,437
Capital expenditures	4,309	2,146	431	5,931	12,817	447	13,264
Increase in right-of-use assets	1,350	5,876	1,916	630	9,772	3	9,775
Total trading transactions	87,932	458,854	277,541	98,230	922,557	–	922,557

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

The adjustment of negative ¥138 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥34,702 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, 2020 and 2021.

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, 2020 and 2021.

Earnings per Share

Basic earnings per share for the fiscal years ended March 31, 2020 and 2021, were calculated as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net profit attributable to Itochu Enex's shareholders (Millions of yen)	12,056	12,168
Weighted-average number of ordinary shares outstanding (Thousands of shares)	112,880	112,881
Basic earnings per share attributable to Itochu Enex's shareholders (Yen)	106.81	107.79

(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.