

ITOCHU ENEX CO., LTD.

(TSE First Section, 8133)

Supplementary Explanation of Financial Results(FY2020)

April 30, 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 the Fiscal Year Ended March 31, 2021

- Net profits** increased 0.1 billion yen to **12.2 billion yen**, up 0.9% year on year, marking a record high for the sixth consecutive year.
 While sales volume dropped in all segments given the COVID-19 pandemic, the strong sales volume of LP gas 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 **77.2%**, a 2.4% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.

Net sales

739.1 billion yen (-17.6% year on year)

Operating profit

19.3 billion yen (+0.5% year on year)

Gross profit





86.9 billion yen (+0.5% year on year)

Net profit

12.2 billion yen (+0.9% 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 volume of LP gas (for business, industrial and automobile use) and industrial gas decreased due to a decline in operation rates at stores, factories, etc. □ 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	<ul style="list-style-type: none"> □ The number of customers visiting dealers decreased due to the shortened business hours of dealers. This led to a fall in sales volumes. The number of new cars sold decreased 24% year on year in the April to June period, recovered to the year-ago level and remained strong from July onwards.

Sales volume (company-wide)

<ul style="list-style-type: none"> ■ Gasoline 2,386,000 KL (-13.8% year on year) 	<ul style="list-style-type: none"> ■ LP gas 500,000 tons (-7.9% year on year) 	<ul style="list-style-type: none"> ■ Electricity 2,221 GWh (including agency quantity) (-7.0% year on year)
<ul style="list-style-type: none"> ■ Diesel oil 3,164,000 KL (-3.8% year on year) 	<ul style="list-style-type: none"> ■ Industrial gas 65,000 tons (-14.0% year on year) 	<ul style="list-style-type: none"> ■ New cars 26,000 units (-2.6% year on year)

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 (Enhancement of online meetings and expansion of networks).
- 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 August 27, 2020

(100 million yen)

	End of March 2020 Results	End of March 2021 Results	Changes
Cash and cash equivalents	192	348	+156
Other current financial assets	281	179	-102

◇ **Overview of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2021**

(1) Overview of the Entire Company

(2) Overview by Segment

◇ **Appendix**

Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(1) Overview of the Entire Company

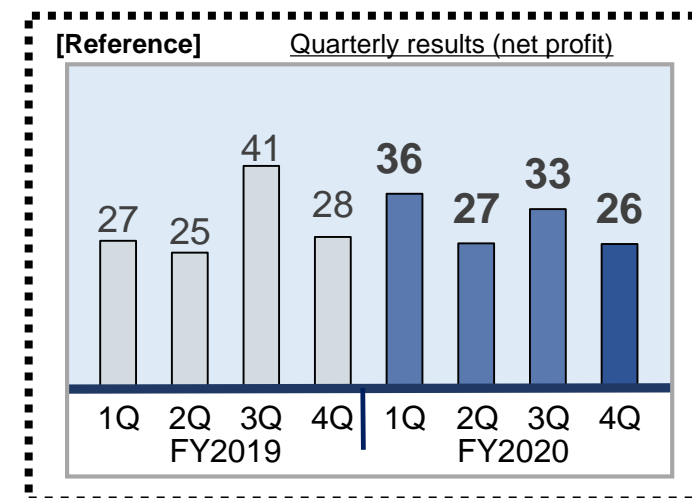
Summary of Financial Results for FY2020

Net profit marked a record high for the sixth consecutive year.



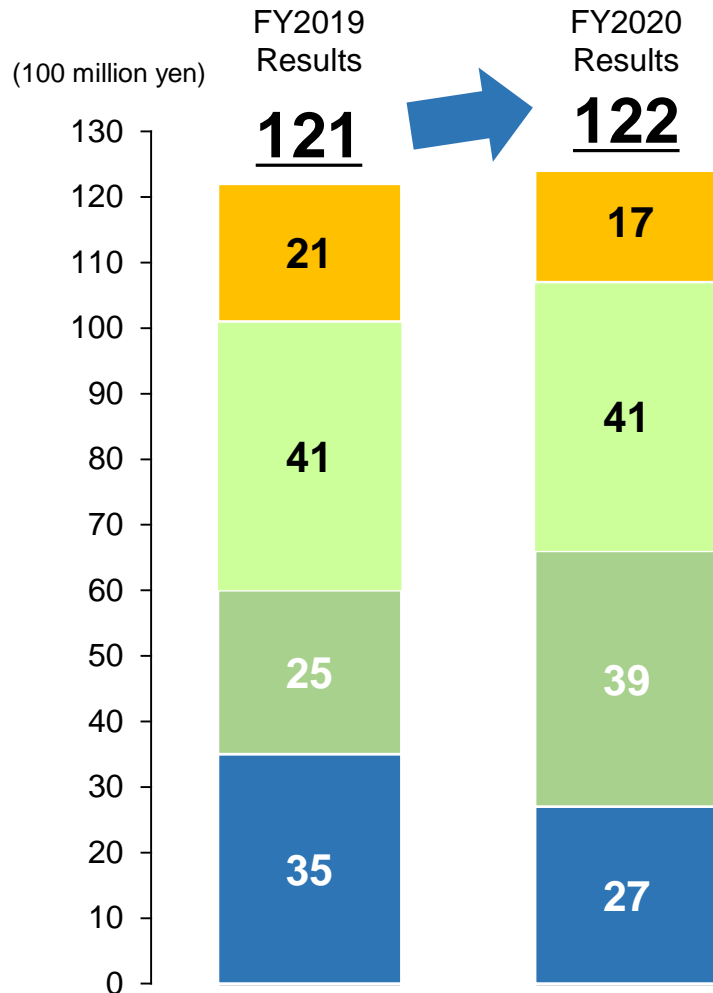
(100 million yen)	FY2019 Results	FY2020 Results	Changes	FY2020 Plan	Achievement rate
Net sales	8,974	7,391	-1,584	7,100	104%
Gross profit	864	869	+5		
Selling, general and administrative expenses	-689	-671	+17		
Operating profit	193	193	+1	160	121%
Share of profit (loss) of investments accounted for using the equity method	18	17	-0		
Net profit	121	122	+1	110	111%
Ratio of SG&A expenses to gross profit	79.7%	77.2%	-2.4pt		
Dividends (yen/share)	44	50	+6		

- ❑ **Net profit** increased 100 million yen year on year, **marking a record high**. Export-import operations 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 **77.2%**, a 2.4% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.
- ❑ The annual dividend is expected be **50 yen per share**, including **6.00 yen per share commemorating the 60th anniversary of the Company's founding**.



Net Profit by Segment

**Profits from Industrial Business increased sharply.
It was a profit driver.**



Major factors for increase/decrease

Home-Life (YoY: -¥400 million, Percent of the plan achieved: 66%)

The number of customers under direct contract rose slightly to around 552,000, 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 and industrial use. Profits decreased due to a decline in the sales volume of LP gas and industrial gas and a surge in prices for the electric power market.

Car-Life (YoY: -¥30 million, Percent of the plan achieved: 145%)

The number of filling stations decreased by 17 from the end of the previous fiscal year to 1,687. The sales volume of oil products decreased year on year. The number of new cars sold, which was lower than the year-ago level in the first half, recovered to the ordinary level in the second half due to strong sales. Profits remained at the level of the same period of the previous year overall due to recovery in the number of vehicles sold in the car dealer business, despite a fall in the sales volume of oil products.

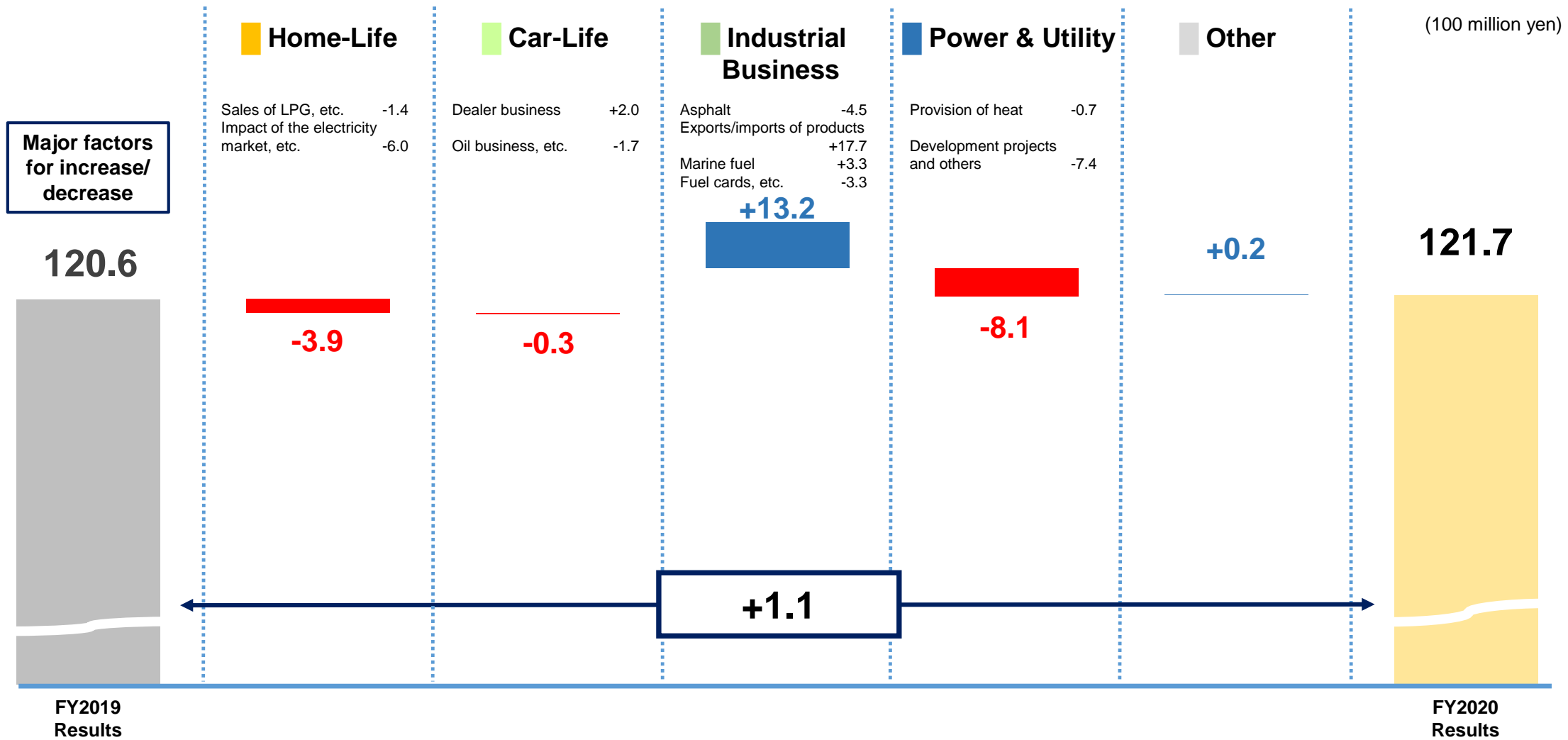
Industrial Business (YoY: +¥1300 million, Percent of the plan achieved: 161%)

The sales volume of oil products for industrial use decreased year on year following the slumping operating ratio at factories. 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: -¥800 million, Percent of the plan achieved: 76%)

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

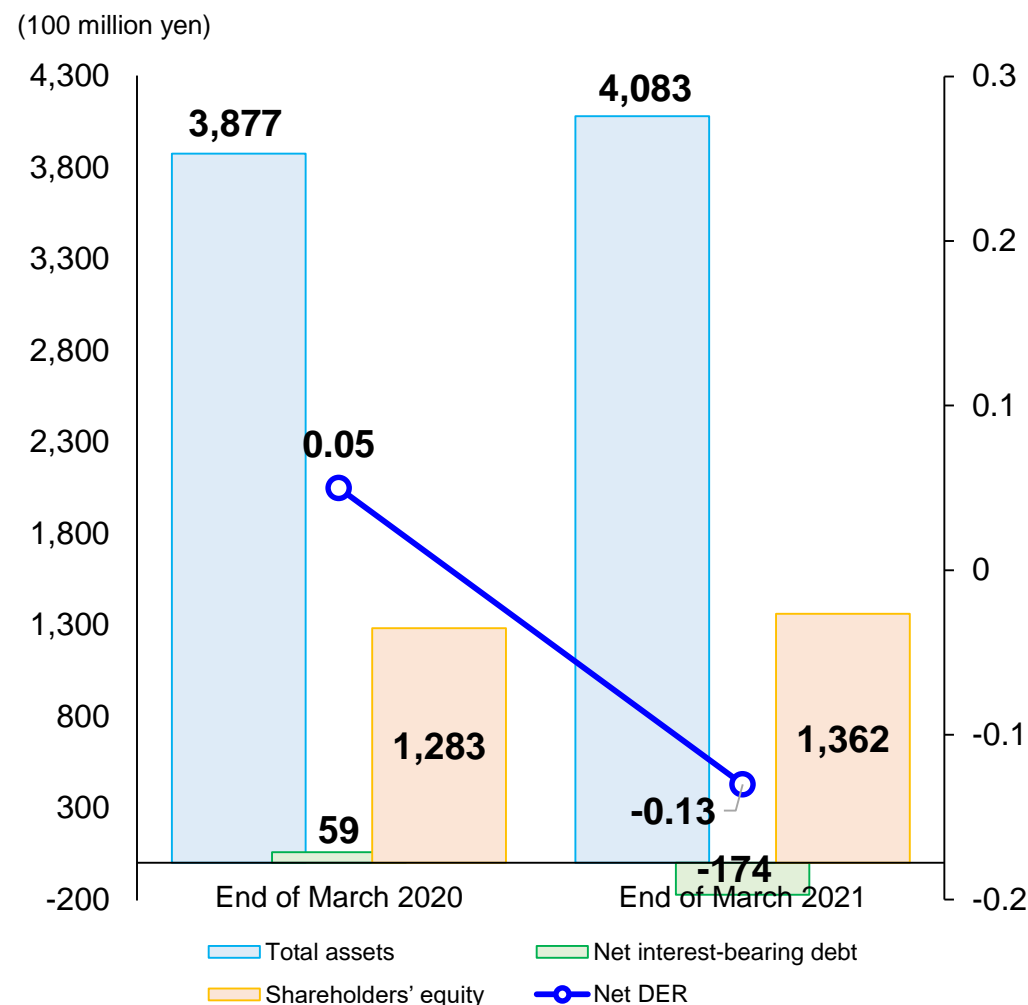


Trade receivables/trade payables increased due to rising crude oil and CP prices

- Total assets:** Increased 20.7 billion yen from the end of the previous year due to increases in trade receivables/trade payables and came to **408.3 billion yen**.
- Shareholders' equity:** Increased 7.9 billion yen from the end of the previous year to **136.2 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.

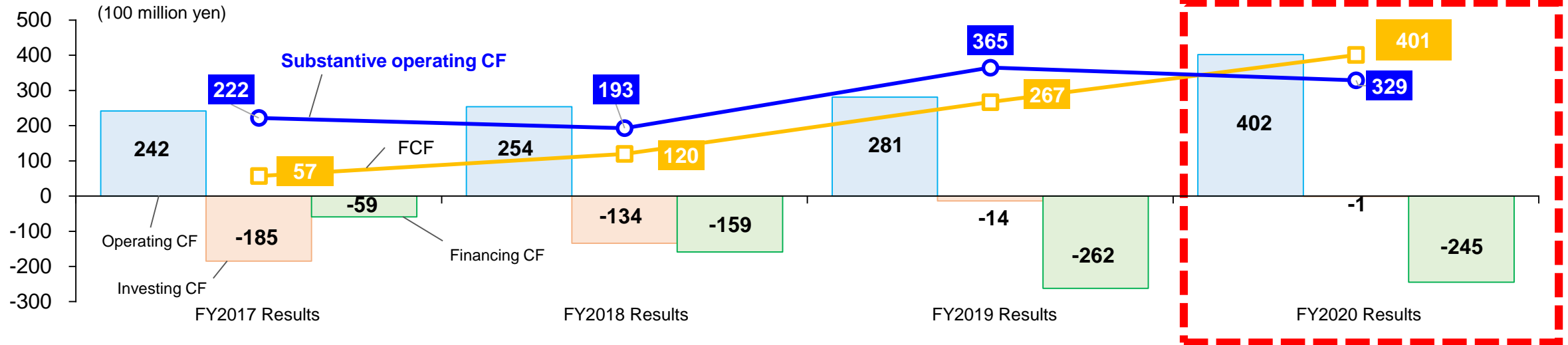
(100 million yen)

	End of March 2020 Results	End of March 2021 Results	Changes
Total assets	3,877	4,083	+207
Net interest-bearing debt	59	-174	-233
Shareholders' equity	1,283	1,362	+79
Ratio of shareholders' equity to net assets	33.1%	33.4%	+0.3pt
Net DER	0.05	-0.13	-0.17



Cash Flows

Operating CF increased after changes in working capital



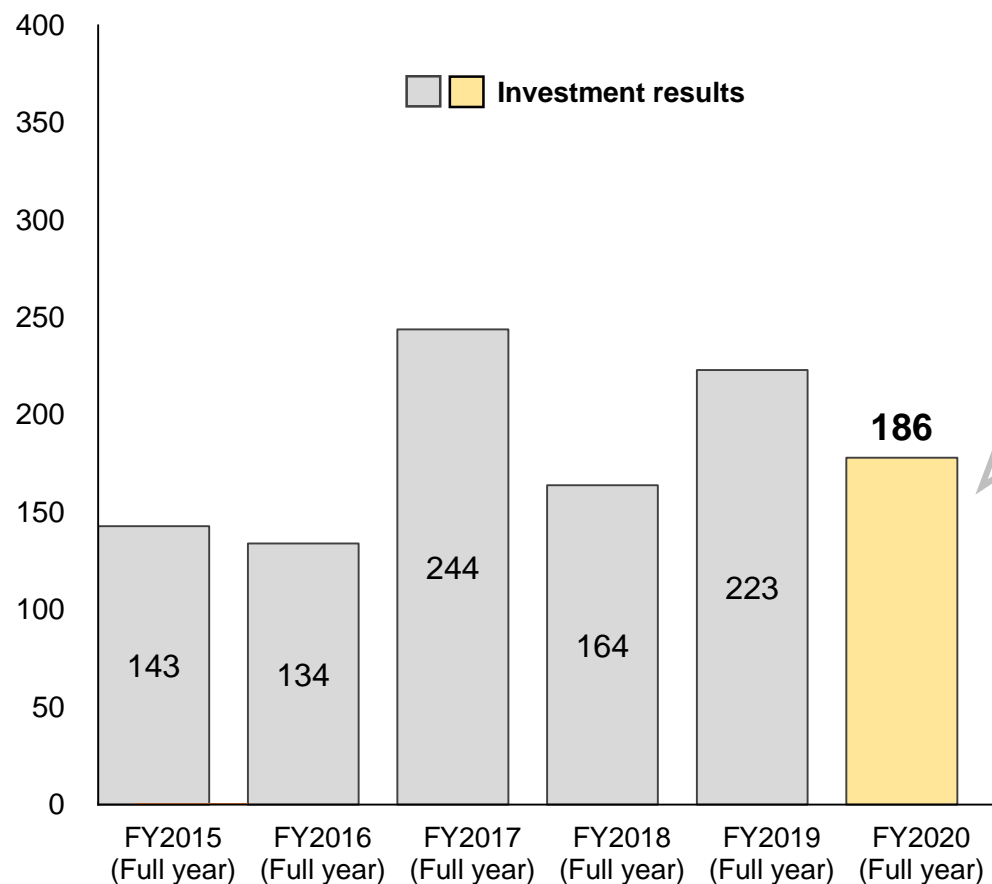
Cash Flows	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results
Cash flows from operating activities	242	254	281	402
Cash flows from investing activities	-185	-134	-14	-1
(Free cash flows)	57	120	267	401
Cash flows from financing activities	-59	-159	-262	-245
Substantive cash flows				
Substantive operating cash flows (*)	222	193	365	329

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

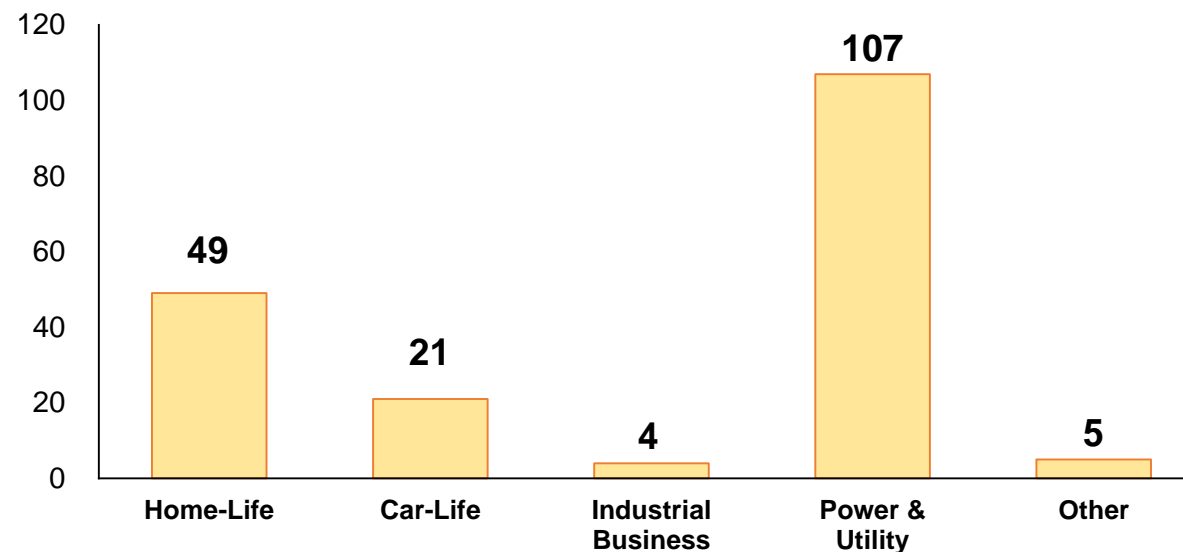
Capital investments were chiefly made in carefully selected items partly due to the pandemic

Company-wide

(100 million yen)



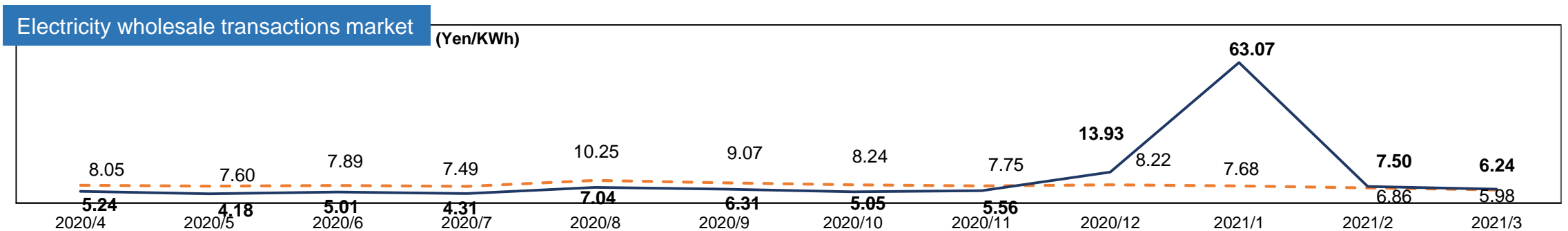
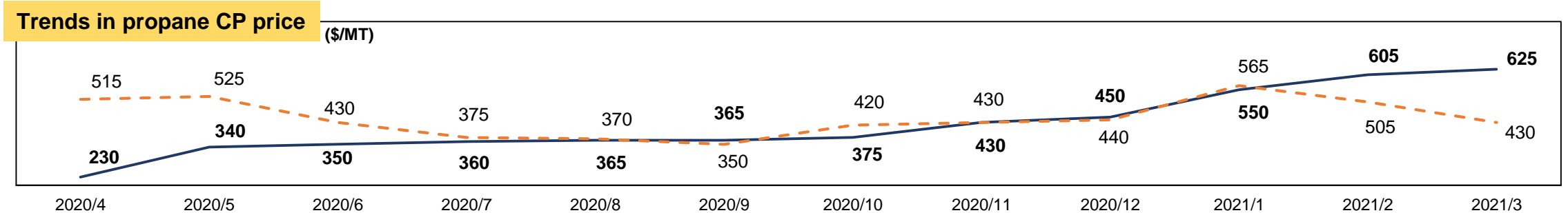
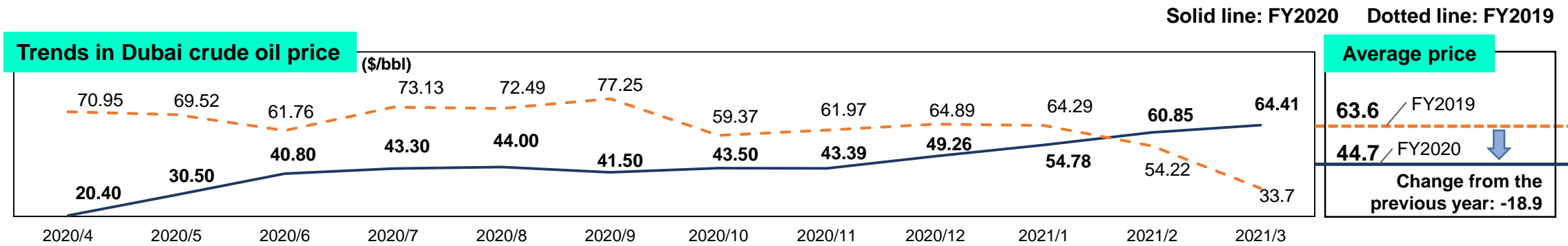
Investment results for FY2020 by segment



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.



Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(2) Overview by Segment

Results by Segment

(100 million yen)

		FY2019 Results	FY2020 Results	Changes	Rate of change %	FY2020 Plan	Achievement rate
Company-wide	Net sales	8,974	7,391	-1,584	-17.6	7,100	104%
	Operating profit	193	193	+0	+0.5	160	121%
	Net profit	121	122	+1	+0.9	110	111%
Home-Life	Net sales	891	790	-101	-11.4	—	—
	Operating profit	28	16	-12	+44.5	—	—
	Net profit	21	17	-4	+18.3	26	66%
Car-Life	Net sales	5,067	4,146	-920	-18.2	—	—
	Operating profit	75	76	+1	+1.7	—	—
	Net profit	41	41	-0	-0.7	28	145%
Industrial Business	Net sales	2,105	1,608	-497	-23.6	—	—
	Operating profit	36	50	+14	+37.8	—	—
	Net profit	25	39	+13	+51.8	24	161%
Power & Utility	Net sales	912	847	-65	-7.2	—	—
	Operating profit	58	52	-5	-9.3	—	—
	Net profit	35	27	-8	-23.2	35	76%

Profits decreased due to a surge in the purchase price of electricity despite growth in demand for LP gas for home use.

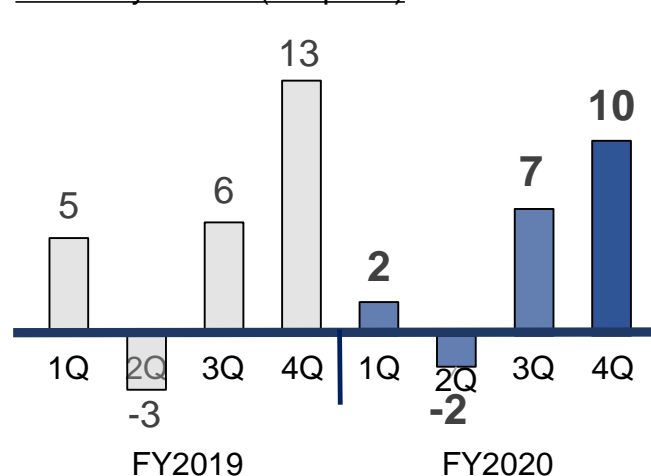
(100 million yen)

	FY2019 Results	FY2020 Results	Changes
Gross profit	220	204	-15
Selling, general and administrative expenses	-194	-188	+7
Operating profit	28	16	-12
Share of profit (loss) of investments accounted for using the equity method	8	14	+6
Net profit	21	17	-4

Major factors for increase/decrease (Net profit)
The number of customers under direct contract rose slightly to around 552,000, 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 and industrial use. Profits decreased due to a decline in the sales volume of LP gas and industrial gas and a surge in prices for the electric power market.

FY2020 Plan	Achievement rate
26	66%

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2019 Results	FY2020 Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	7	5	-2
ECORE (The Company's equity 51%)	7	7	-0
ENEARC (The Company's equity 50%)	9	7	-1

Number of customers (1,000)

	End of March 2020	End of March 2021	Changes
Number of customers under direct LP gas supply contracts	551	552	+1
Number of customers for electricity retail	94	109	+15

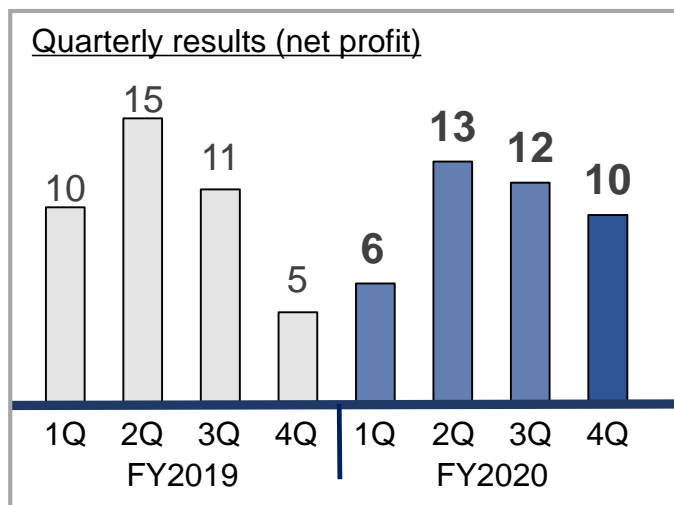
Sales volumes

	FY2019 Results	FY2020 Results	Changes
LP gas (thousand tons)	525	487	-7%
Industrial gas (thousand tons)	76	65	-14%

Profits remained at the year-ago level due to a recovery in the number of cars sold, despite a decline in the sales volume of oil products

(100 million yen)

	FY2019 Results	FY2020 Results	Changes	Major factors for increase/decrease (Net profit)	FY2020 Plan	Achievement rate
Gross profit	465	468	+2	The number of filling stations decreased by 17 from the end of the previous fiscal year to 1,687. The sales volume of oil products decreased year on year. The number of new cars sold, which was lower than the year-ago level in the first half, recovered to the ordinary level in the second half due to strong sales. Profits remained at the level of the same period of the previous year overall due to recovery in the number of vehicles sold in the car dealer business, despite a fall in the sales volume of oil products.		
Selling, general and administrative expenses	-392	-392	+0			
Operating profit	75	76	+1			
Share of profit (loss) of investments accounted for using the equity method	1	1	-0			
Net profit	41	41	-0			28



Profit (loss) of major affiliates

	FY2019 Results	FY2020 Results	Changes
ENEX FLEET	15	20	+6
Osaka Car Life Group (The Company's equity 51.95%)	6	8	+2

Sales volumes

	FY2019 Results	FY2020 Results	Changes
Gasoline (thousand KL)	1,874	1,668	-11%
Kerosene (thousand KL)	370	373	-2%
Diesel oil (thousand KL)	2,050	2,010	-3%
New cars (thousand units)	27	26	-3%
Used cars (thousand units)	24	22	-9%

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

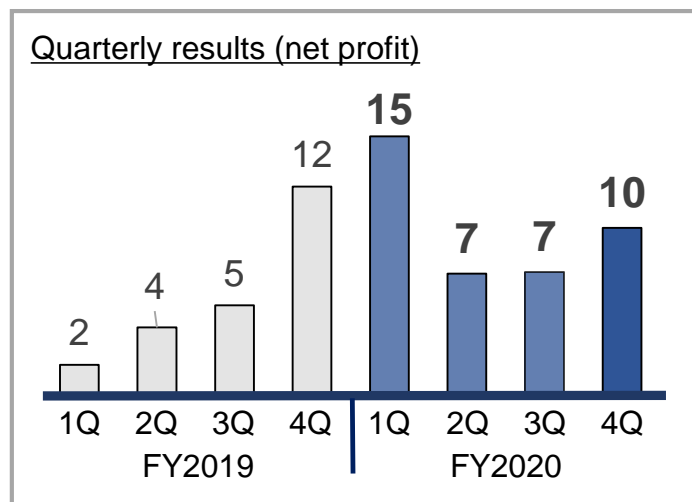
(100 million yen)

	FY2019 Results	FY2020 Results	Changes
Gross profit	81	94	+14
Selling, general and administrative expenses	-47	-41	+6
Operating profit	36	50	+14
Share of profit (loss) of investments accounted for using the equity method	1	1	+0
Net profit	25	39	+13

Major factors for increase/decrease (Net profit)

The sales volume of oil products for industrial use decreased year on year following the slumping operating ratio at factories. 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	161%



Sales volumes

	FY2019 Results	FY2020 Results	Changes
Gasoline (thousand KL)	872	702	-20%
Kerosene (thousand KL)	613	525	-14%
Diesel oil (thousand KL)	1,230	1,146	-7%
Heavy fuel oil (thousand KL)	2,047	2,241	+9%
Asphalt (thousand tons)	370	309	-17%

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

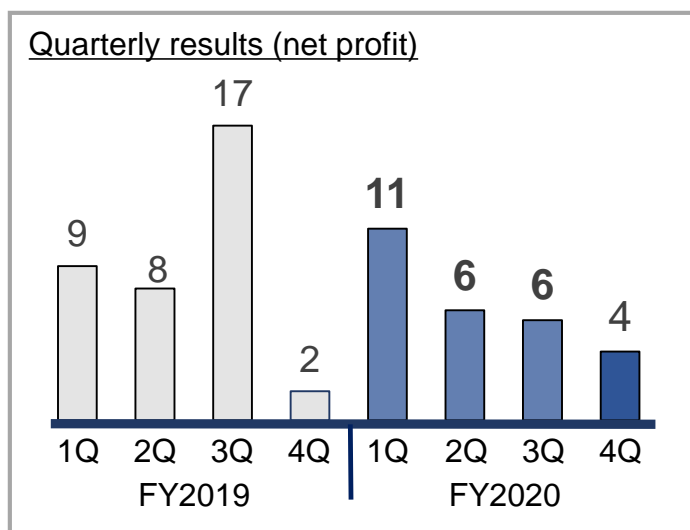
(100 million yen)

	FY2019 Results	FY2020 Results	Changes
Gross profit	99	103	+4
Selling, general and administrative expenses	-50	-50	+1
Operating profit	58	52	-5
Share of profit (loss) of investments accounted for using the equity method	8	2	-6
Net profit	35	27	-8

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	76%



Profit (loss) of major affiliates

	FY2019 Results	FY2020 Results	Changes
ENEX Electric Power Group	10	12	+2
ENEX LIFE SERVICE	3	4	+2
Tokyo Toshi Service Company (The Company's equity 66.6%)	8	6	-2
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	8	7	-1

Sales volumes

	FY2019 Results	FY2020 Results	Changes
Electricity Retail (GWh)*	2,387	2,221	-7%
Breakdown: Sales of high voltages*	1,948	1,627	-16%
Sales of low voltages*	439	594	+35%
Steam (thousand tons)	506	527	+4%
Heat quantity (TJ)	1,258	1,254	-0%

(* Calculated based on preliminary values)

Appendix

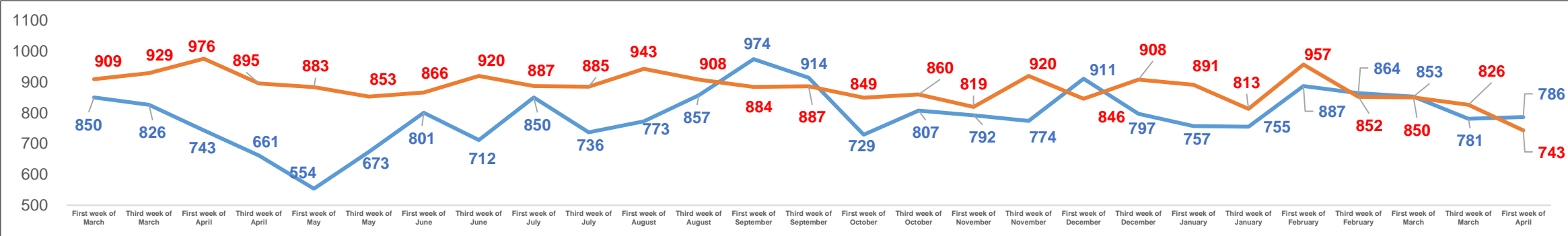
Appendix

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

* Created based on statistics from Petroleum Association of Japan

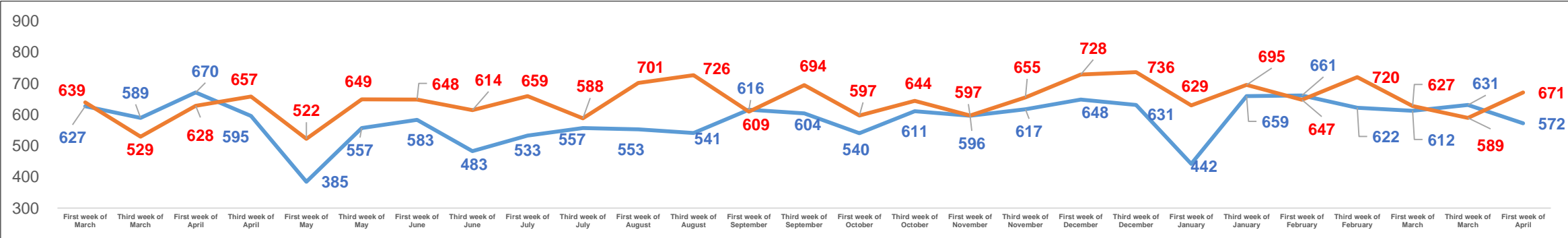
Weekly shipment volume of gasoline

Unit: Thousand kiloliters



Weekly shipment volume of diesel oil

Unit: Thousand kiloliters



[Reference] Monthly sales volume of LP gas (March to February, national statistics)

	March			April			May			June			July			August		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	750	749	-1%	675	646	-4%	562	513	-9%	449	454	+1%	497	451	-9%	437	412	-6%
For cars	50	41	-19%	49	29	-42%	47	22	-53%	48	31	-36%	50	37	-27%	52	35	-32%
Total	800	790	-1%	724	675	-7%	609	535	-12%	497	485	-2%	547	488	-11%	489	447	-9%

Unit: Thousand tons

	September			October			November			December			January			February			Total		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2020	2021	Changes	2020	2021	Changes	FY 2019	FY 2020	Changes
For household and business use	438	401	-8%	514	526	+2%	608	616	+1%	804	828	+3%	780	813	+4%	747	736	-1%	7,261	7,145	-2%
For cars	47	35	-26%	47	36	-24%	46	33	-27%	51	37	-27%	45	29	-36%	42	27	-36%	574	392	-32%
Total	485	436	-10%	561	562	+0%	654	649	-1%	855	865	+1%	825	842	+2%	789	763	-3%	7,835	7,537	-4%

* Created based on statistics from Japan LP Gas Association

[Reference] Monthly sales of new cars (Standard-sized cars, compact cars and *kei* (light) cars) (April to March, national statistics)

	April			May			June			July			August			September		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
Standard-sized and compact cars	200	145	-28%	213	124	-42%	248	182	-27%	258	207	-20%	202	169	-16%	300	252	-16%
<i>Kei</i> cars	115	75	-35%	115	51	-56%	119	102	-14%	121	123	+2%	115	101	-12%	159	138	-13%
Total	315	220	-30%	315	175	-47%	367	284	-23%	379	330	-13%	317	270	-15%	459	390	-15%

Unit: Thousand tons

	October			November			December			January			February			March			Total		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	FY 2019	FY 2020	Changes
Standard-sized and compact cars	165	221	+35%	206	219	+6%	195	211	+8%	193	208	+8%	233	227	-3%	322	329	+2%	2,735	2,494	-9%
<i>Kei</i> cars	95	118	+24%	110	118	+7%	90	105	+17%	108	116	+7%	129	135	+5%	163	181	+11%	1,439	1,363	-5%
Total	260	339	+30%	316	337	+7%	285	316	+11%	301	324	+8%	362	362	+0%	485	510	+5%	4,174	3,857	-8%

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

Contact

Investor Relations Office

Staff : Imaizumi or Nakamura

[E-MAIL] enex_irpr@itcenex.com

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