

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

FY2023 Financial Results for First Six Months

November 10, 2023

Note

We pay close attention to the content of the material, but the Company and information providers will not be liable for any damage caused by errors in the information posted or damage suffered based on the information posted in this material.

The current plans and strategies of the Company posted in this material are forecasts prepared by the Company based on information currently available, and these future forecasts include risks and uncertainties. Accordingly, the actual results may differ materially from the forecasts posted. Please note that the Company does not guarantee the certainty of these forecasts.

- Unless otherwise noted, all the numerical values in this material are based on the International Financial Reporting Standards (IFRS).
- In this material, the notation has been replaced as follows.
“Profit from operating activities” ⇒ “Operating profit”
“Net profit attributable to Itochu Enex’s shareholders” ⇒ “Net profit”

Results Highlights

FY2023 Financial Results for First Six Months

- **Quarterly net profits** increased 2.0 billion yen year on year, to **8.9 billion yen**.
- Profits increased thanks to the contribution from the electricity retailing and car dealer businesses, coupled with gains on the sale of fixed assets for the replacement of assets, which more than offset a reactionary decline recorded by Industrial Business, which had performed strongly in the same period a year before, and a negative impact on margins in Home-Life.

Net sales

455.6 billion yen (-8.8% year on year)

Operating profit

15.9 billion yen (+46.7% year on year)

Gross profit

42.9 billion yen (-2.4% year on year)

Net profit

8.9 billion yen (+28.5% year on year)

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

 - ◇ **Progress on Medium-Term Business Plan**
 - (1) Overview and Status of the Entire Company
 - (2) By segment/Progress in FY2023/1H

 - ◇ **Appendix**

Overview of Consolidated Financial Results for First Six Months of FY2023

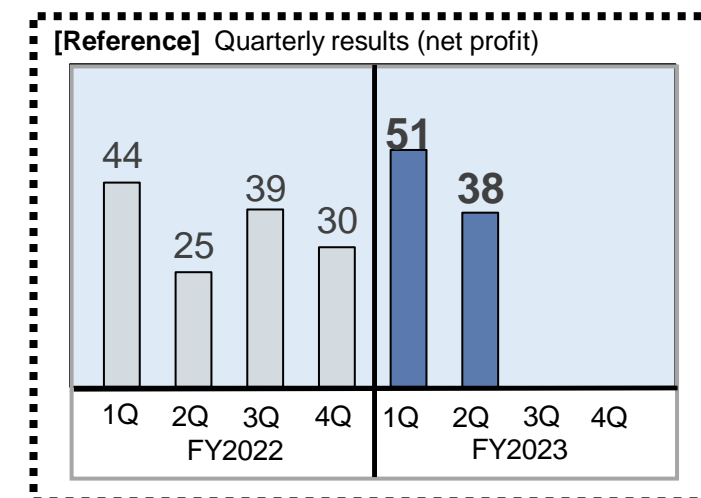
(1) Overview of the Entire Company

Summary of Financial Results for 2Q/FY2023

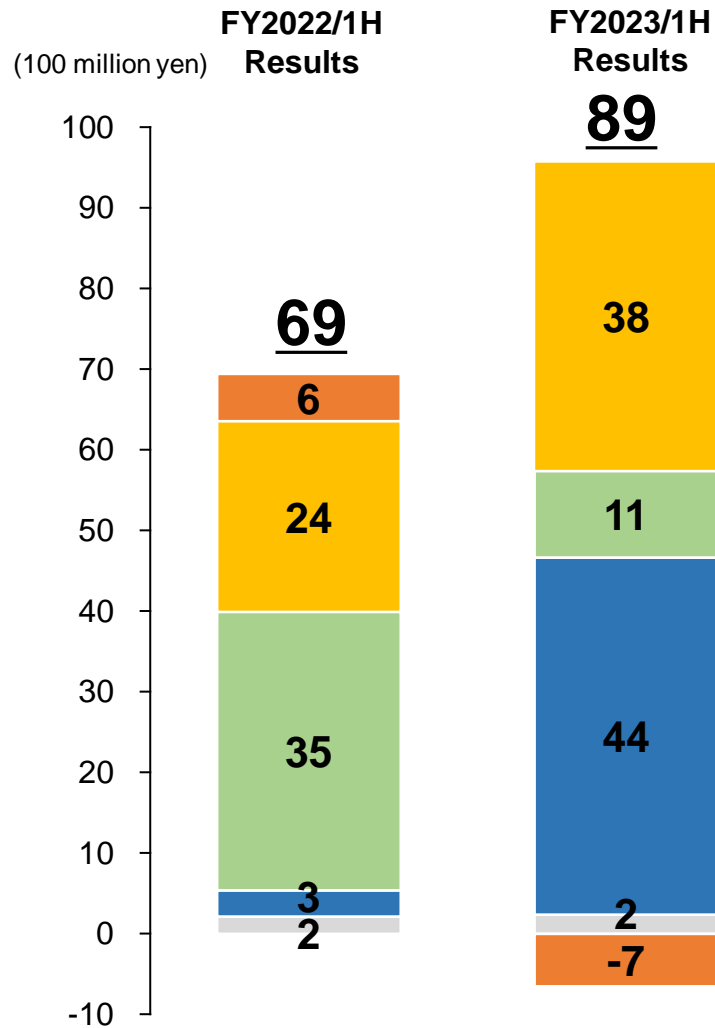
(100 million yen)	FY2022/1H Results	FY2023/1H Results	Changes
Net sales	4,995	4,556	-439
Gross profit	440	429	-10
Selling, general and administrative expenses	-333	-339	-6
Operating profit	108	159	+51
Share of profit (loss) of investments accounted for using equity method	13	2	-11
Net profit	69	89	+20
Ratio of SG&A expenses to gross profit	75.7%	79.0%	+3.3 pt
Dividends (yen/share)	24	26	+2

FY2023 Plan	Achievement rate
12,000	38%
209	76%
135	66%

- Quarterly net profits increased 2.0 billion yen year on year, to 8.9 billion yen.
- Profits increased, reflecting the strong performances recorded by the **electricity retailing and car dealer businesses**, coupled with **gains on the sale of fixed assets for the replacement of assets**, which more than offset a reactionary decline recorded by **Industrial Business**, which had performed strongly in the same period of the previous year, and the negative impact from fluctuations in inventory unit prices in **Home-Life** due to a fall in the LP gas import price.



Net Profit in 1H by Segment



Major factors for increase/decrease

Home-Life (YoY: -¥1,200 million, Percent of the plan achieved: ↓)

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

Car-Life (YoY: +¥1,500 million, Percent of the plan achieved: 89%)

Profits increased because of the contribution by the car dealer business and a gain on the sale of former CS sites.

Industrial Business (YoY: -¥2,400 million, Percent of the plan achieved: 35%)

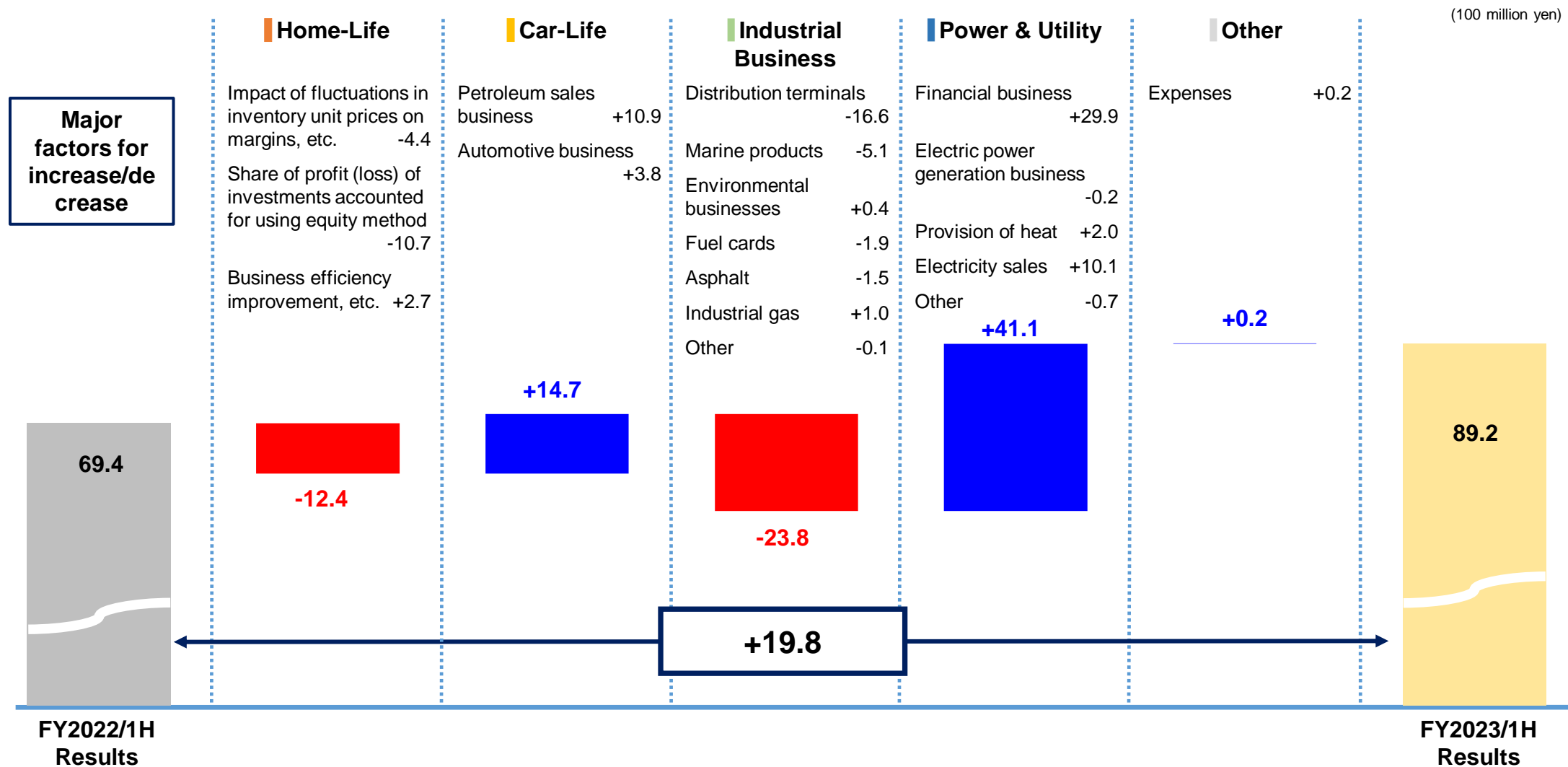
Profits decreased due to the reactionary decline in the marine fuel business and in the distribution terminal business, both of which achieved strong performances in the same period in the preceding year.

Power & Utility (YoY: +¥4,100 million, Percent of the plan achieved: 120%)

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

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

Analysis of Net Profit in 1H by Segment

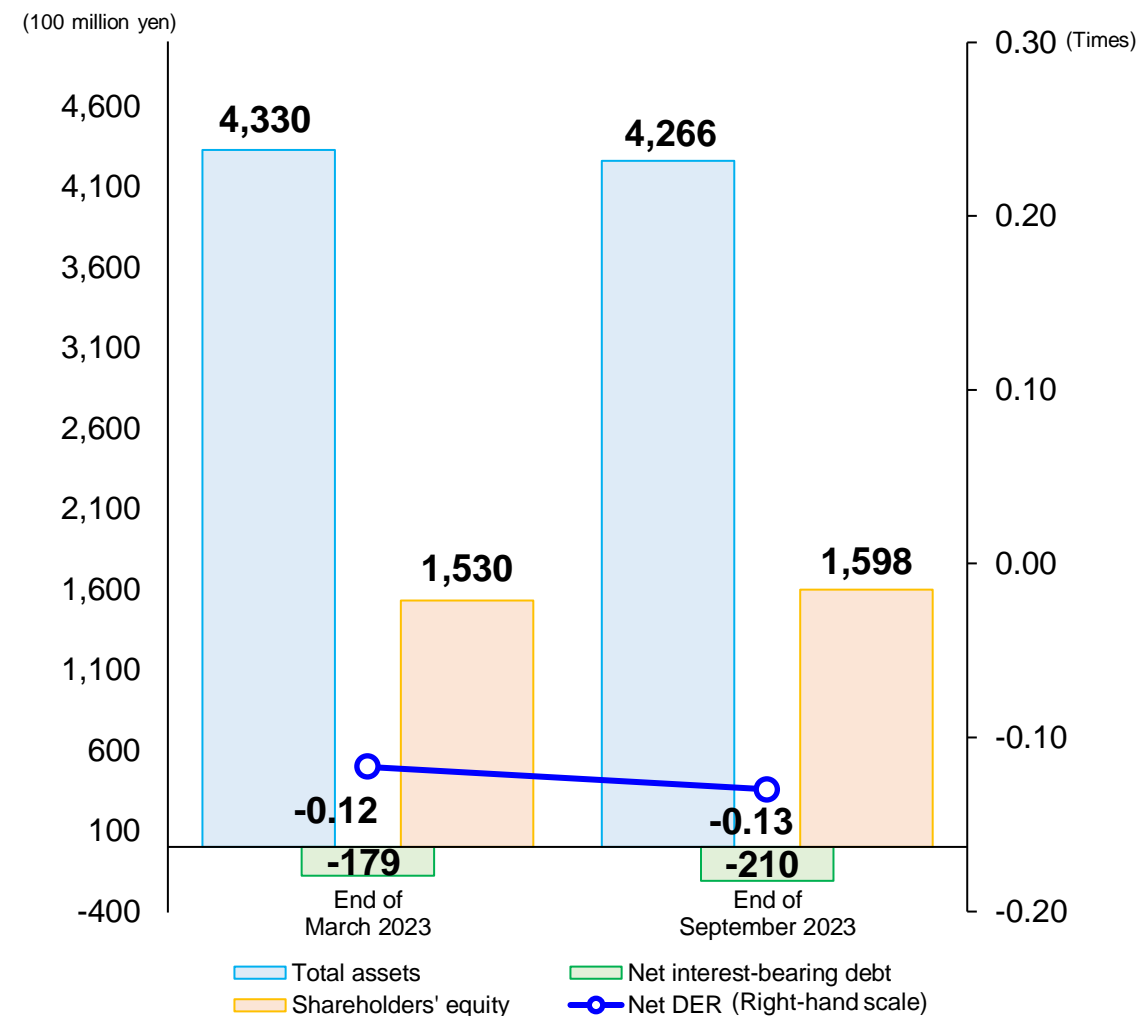


Financial Position

Total assets decreased mainly due to divestment of mega solar power plants.

- **Total assets:** Decreased **6.5** billion yen from the end of the previous fiscal year to **426.6** billion yen, mainly due to the divestment of mega solar power plants.
- **Shareholders' equity:** Increased **6.8** billion yen from the end of the previous year to **159.8 billion yen**, mainly reflecting a rise in net profit.
- **PBR:** Improved by 0.23 from the end of the previous year to **1.06 times** due to higher share prices.

(100 million yen)	End of March 2023 Results	End of September 2023 Results	Changes
Total assets	4,330	4,266	-65
Net interest-bearing debt	-179	-210	-32
Shareholders' equity	1,530	1,598	+68
Ratio of shareholders' equity to net assets	35.3%	37.5%	+2.1 pt
Net DER	-0.12	-0.13	-0.01
PBR	0.83	1.06	+0.23



Cash Flows

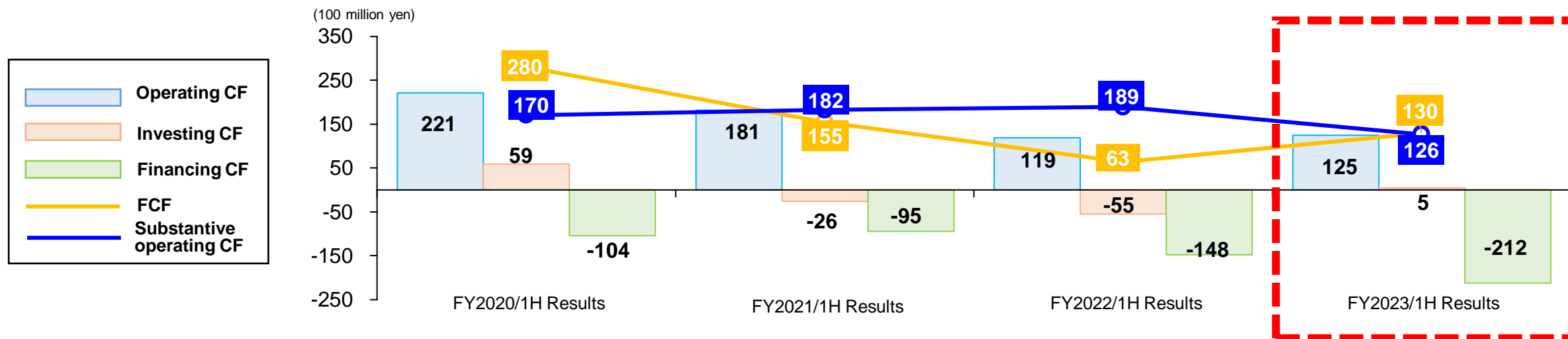
Continued to create cash flows from operating activities. Cash flows from financing activities decreased mainly due to repayments of borrowings.

Cash Flows (100 million yen)	FY2020/1H Results	FY2021/1H Results	FY2022/1H Results	FY2023/1H Results
Cash flows from operating activities	221	181	119	125
Cash flows from investing activities	59	-26	-55	5
(Free cash flows)	280	155	63	130
Cash flows from financing activities	-104	-95	-148	-212

Substantive cash flows

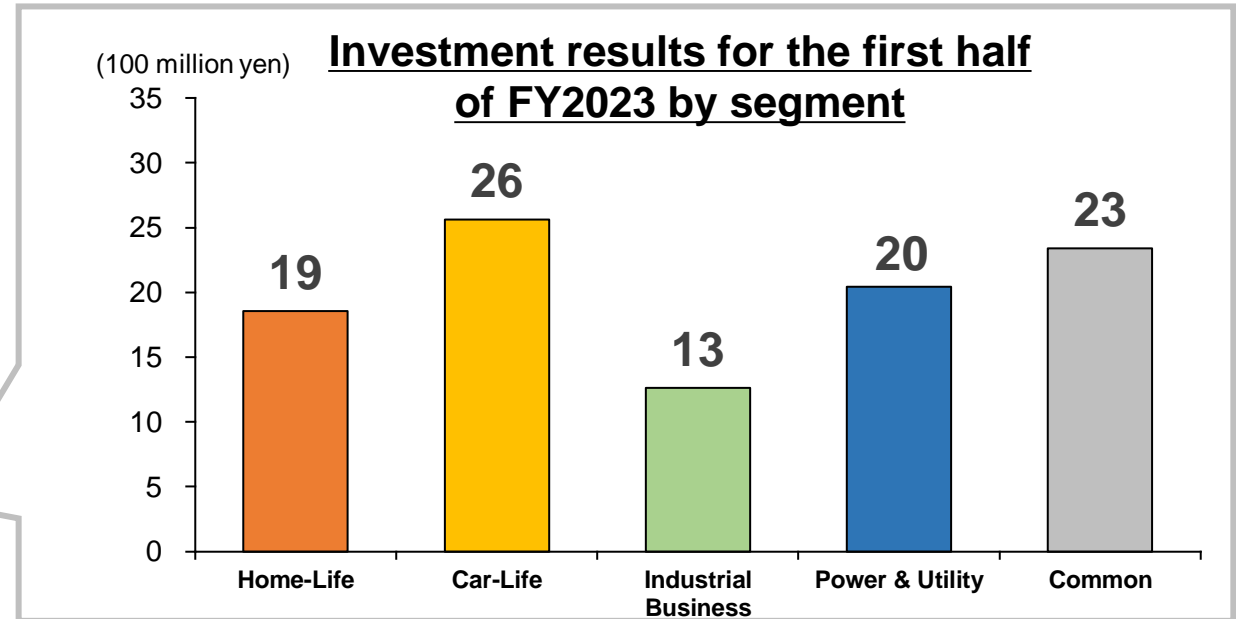
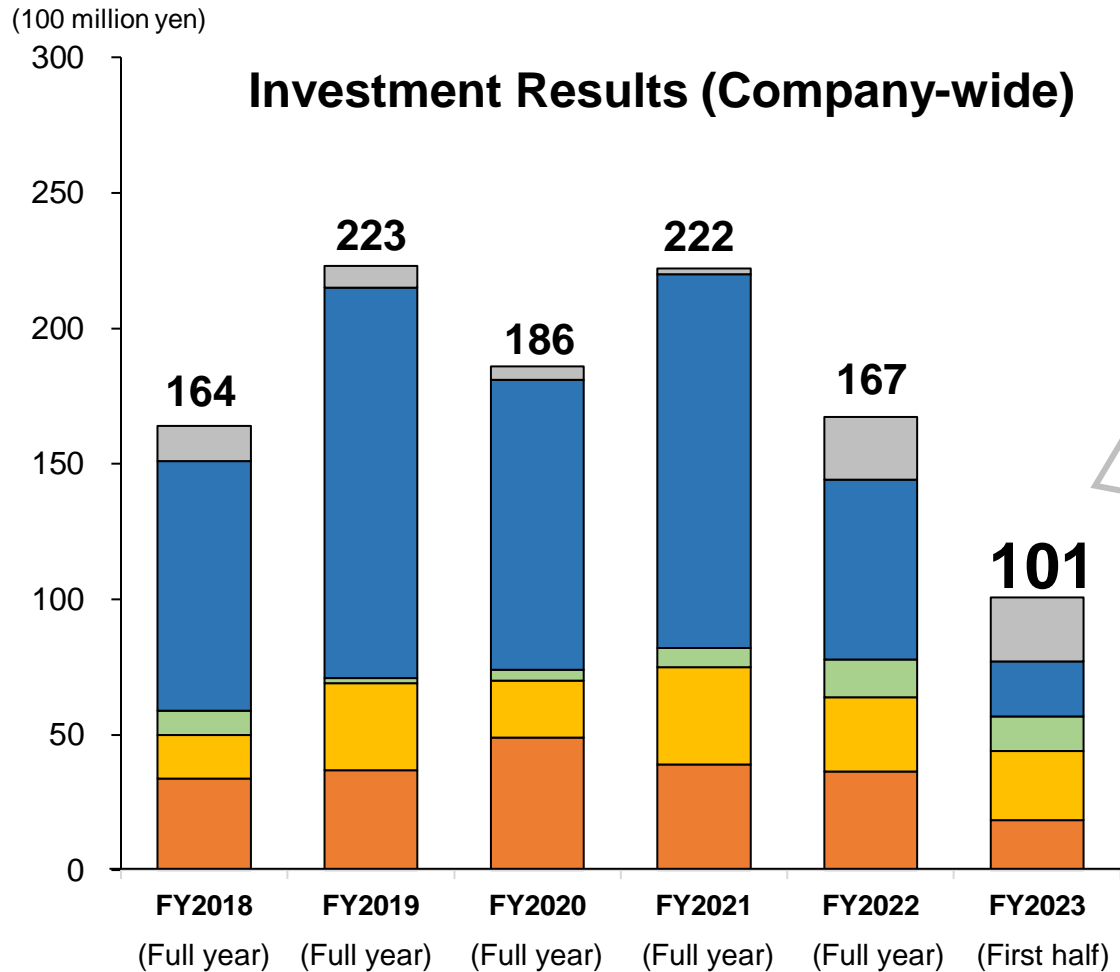
Substantive operating cash flows (*)	170	182	189	126
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(*) Operating CF – Increase/decrease in working capital



Investment Trends

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



Major new and strategic investment results

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

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

Overview of Consolidated Financial Results for First Six Months of FY2023

(2) Overview by Segment

Results by Segment

		(100 million yen)				FY2023 Plan	Achievement rate
		FY2022/1H Results	FY2023/1H Results	Changes	Rate of change %		
Company-wide	Net sales	4,995	4,556	-439	-8.8%	12,000	38%
	Operating profit	108	159	+51	+46.7%	209	76%
	Net profit	69	89	+20	+28.5%	135	66%
Home-Life	Net sales	351	284	-67	-19.1%	—	—
	Operating profit (losses)	2	-4	-7	↓	—	—
	Net profit (losses)	6	-7	-12	↓	27	↓
Car-Life	Net sales	2,734	2,984	+249	+9.1%	—	—
	Operating profit	44	70	+26	+59.7%	—	—
	Net profit	24	38	+15	+61.9%	43	89%
Industrial Business	Net sales	1,365	676	-689	-50.5%	—	—
	Operating profit	50	15	-35	-70.6%	—	—
	Net profit	35	11	-24	-69.0%	31	35%
Power & Utility	Net sales	545	613	+68	+12.4%	—	—
	Operating profit	8	74	+65	+811.5%	—	—
	Net profit	3	44	+41	+1,274.8%	37	120%

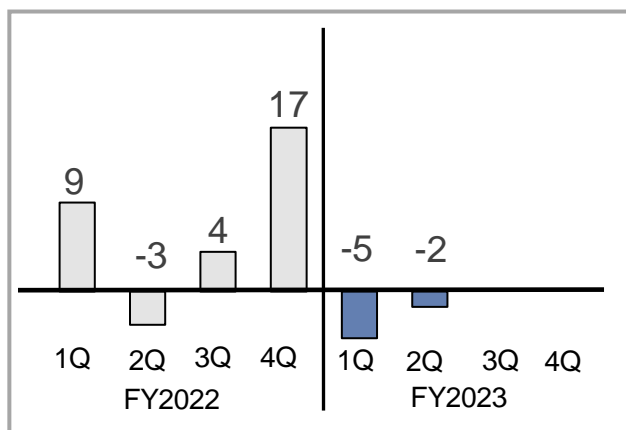
Home-Life

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

(100 million yen)

	FY2022/1H Results	FY2023/1H Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	83	73	-10	The number of customers under direct contract rose approx. 8,000 from the end of the previous fiscal year, to approx. 573,000, reflecting the acquisition of new customers and business rights. The LP gas sales volume decreased year on year due mainly to the average temperature was higher than in the same period of the previous year. Profit slid due to a fall in the LP gas import price, which led to a negative impact from fluctuations in inventory unit prices on margins.		
Selling, general and administrative expenses	-81	-79	+3			
Operating profit (losses)	2	-4	-7			
Share of profit (loss) of investments accounted for using equity method	8	-3	-11			
Net profit (losses)	6	-7	-12			27

Quarterly results (net profit/losses)



Profit (loss) of major affiliates	FY2022/1H Results	FY2023/1H Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	2	1	-1
ECORE (The Company's equity 51%)	3	1	-2
ENEARC (The Company's equity 50%)	2	-0	-2

Number of customers (1,000)	End of March 2023	End of September 2023	Changes
Number of customers under direct LP gas supply contracts	565	573	+8

Sales volumes	FY2022/1H Results	FY2023/1H Results	Changes
LP gas (thousand tons)	192	182	-5%

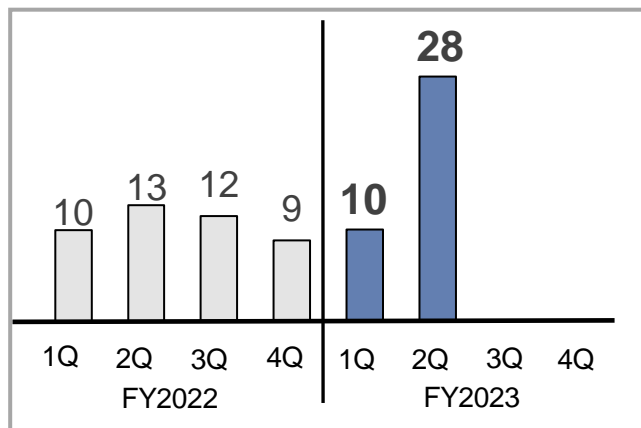
Car-Life

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

(100 million yen)

	FY2022/1H Results	FY2023/1H Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	238	255	+17	The number of CS decreased by 20 from the end of the previous fiscal year to 1,590. The sales volume of oil products was higher than in the same period of the previous year as demand trended higher. The number of cars sold increased year on year, reflecting strong sales of new model cars due to a recovery in the supply of semiconductors. In terms of profitability, the brisk performance of the car dealer business and a temporary gain on the sale of former CS sites resulted in profit growth.		
Selling, general and administrative expenses	-196	-202	-5			
Operating profit	44	70	+26			
Share of profit (loss) of investments accounted for using equity method	0	1	+0			
Net profit	24	38	+15			43

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2022/1H Results	FY2023/1H Results	Changes
ENEX FLEET	11	12	+1
Osaka Car Life Group (The Company's equity 51.95%)	5	9	+4

Sales volumes	FY2022/1H Results	FY2023/1H Results	Changes
Gasoline (thousand KL)	1,080	1,087	+1%
Diesel oil (thousand KL)	1,193	1,379	+16%
New cars (thousand units)	12	13	+7%
Used cars (thousand units)	9	9	-3%

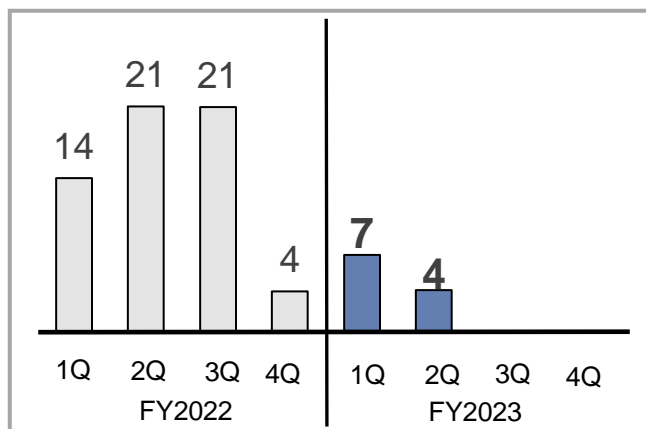
Industrial Business

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

(100 million yen)

	FY2022/1H Results	FY2023/1H Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	84	47	-36	<p>In the marine fuel business, the sales volume decreased year on year after a partial contraction of transactions for ocean-going vessels. In the AdBlue sales business, the sales volume was higher year on year, following good progress in the development of sales channels.</p> <p>In terms of profitability, reactionary declines in the distribution terminal business and marine fuel sales business, both of which had solid performances, resulted in a decline in profit, despite the strong performance of the industrial gas business.</p>		
Selling, general and administrative expenses	-30	-31	-1			
Operating profit	50	15	-35			
Share of profit (loss) of investments accounted for using equity method	0	1	+0			
Net profit	35	11	-24			31

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2022/1H Results	FY2023/1H Results	Changes
ITOCHU INDUSTRIAL GAS	2	2	+1

Sales volumes

	FY2022/1H Results	FY2023/1H Results	Changes
Heavy fuel oil (thousand KL)	896	505	-44%
Asphalt (thousand tons)	112	124	+10%
Industrial gas (thousand tons)	34	33	-4%
AdBlue (thousand KL)	46	52	+13%

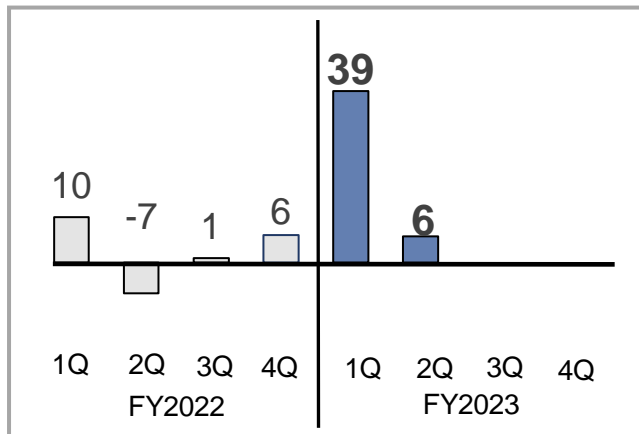
Power & Utility

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

	FY2022/1H Results	FY2023/1H Results	Changes	Major factors for increase/decrease (Net profit)	FY2023 Plan	Achievement rate
Gross profit	35	54	+19	<p>With respect to the sales volume of the electricity retailing business, the result of low-voltage power surpassed the year-ago level, attributable to the acquisition of new contracts, while that of high-voltage power declined year on year due to the implementation of profitability-focused sales. As a result, overall sales fell year on year. Sales volume in the heat provision business increased year on year due to an increase in the use of air conditioners that resulted from the higher average temperature in comparison with the year-ago level.</p> <p>In terms of profitability, the contribution from the electricity retailing business on the back of the revision of sales prices and a temporary gain on the sale of large-scale photovoltaic power generation plants (mega solar power plants) resulted in significant profit growth.</p>		
Selling, general and administrative expenses	-29	-32	-3			
Operating profit	8	74	+65			
Share of profit (loss) of investments accounted for using equity method	4	3	-1			
Net profit	3	44	+41			37

(100 million yen)

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2022/1H Results	FY2023/1H Results	Changes	Sales volumes	FY2022/1H Results	FY2023/1H Results	Changes	
ENEX Electric Power Group	4	4	-0	Electricity Retail (GWh)*	1,104	965	-13%	
ENEX LIFE SERVICE	1	2	+2	Breakdown	Sales of high voltages*	737	467	-37%
Tokyo Toshi Service Company (The Company's equity 66.6%)	6	8	+2		Sales of low voltages*	367	498	+36%
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	2	1	-1	Steam (thousand tons)	210	171	-18%	
				Heat quantity (TJ)	756	826	+9%	

Number of customers (in thousands)	End of March 2023	End of September 2023	Changes
Number of power supply destinations (company-wide total)	334	321	-13

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

Progress on Medium-Term Business Plan

(1) Overview and Status of the Entire Company

ENEX2030

To Create Driving Force Of Life

Striving for further growth and transformation through the provision of a range of energy and services for home life and industry

ENEX2030 Management Targets

Financial Indicators

Net profit

¥20.0
billion
or more

Substantive operating
cash flows

¥45.0
billion

ROE

9.0%
or more

New and strategic
business investment

¥210.0
billion

Non-financial Indicators

GHG emissions

50%
reduction
or more

(comparison with FY2018,
Scopes 1 and 2)

Ratio of female hires

30%
or above

Percentage of
female managers

10%

Ratio of childcare leave
taken by male employees

80%
or more

Management Targets

Financial Indicators

Net profit

¥13.5
Billion
(FY2023・2024)

Substantive operating CF

¥35.0
billion
each fiscal
period

Total amount of investments

¥60.0
Billion
(of which CAPEX,
¥16.0 billion)

ROE

8~9%
(FY2023・2024)

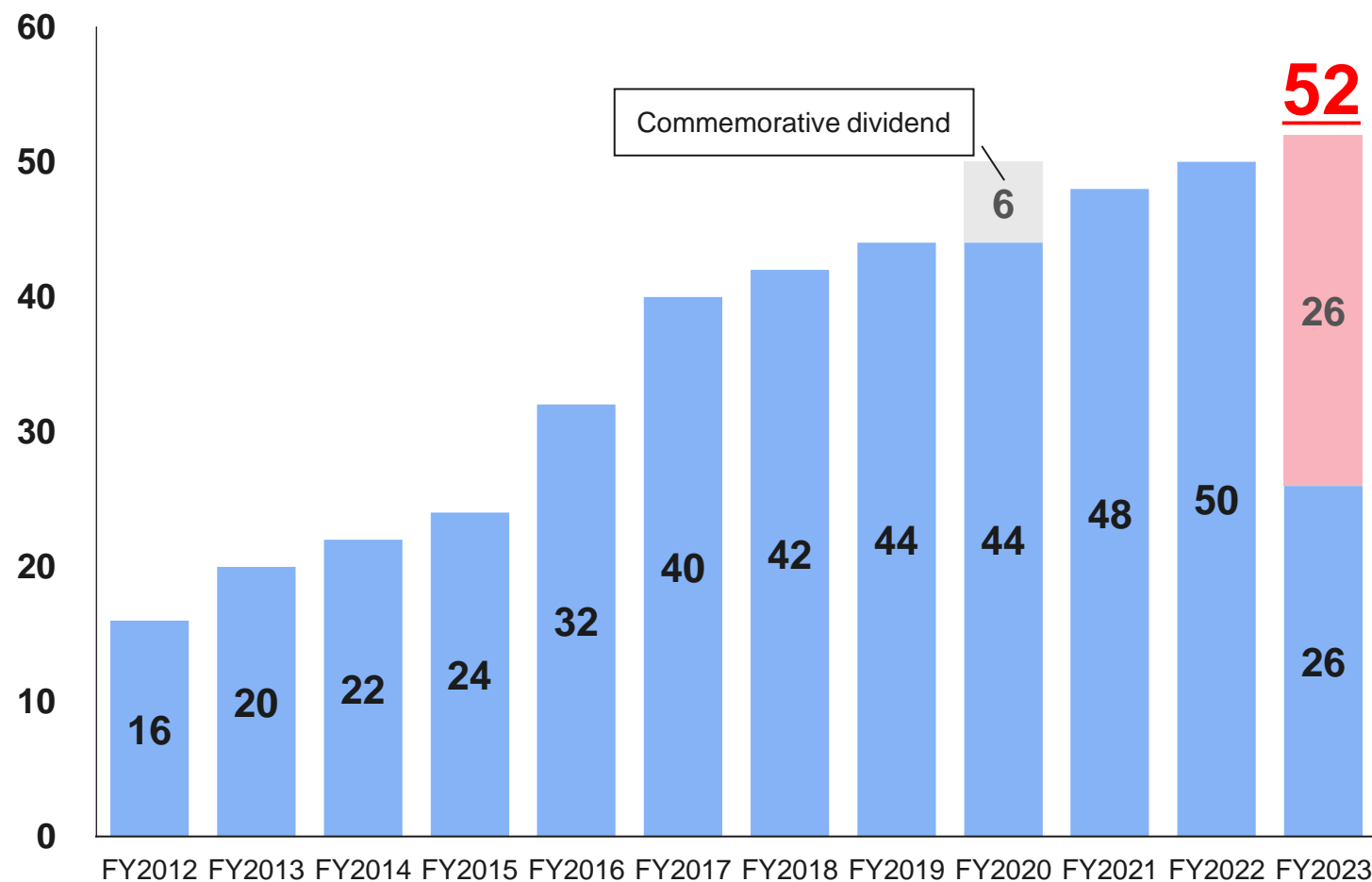
Shareholder Returns

Dividend policy

Progressive dividends
Strong awareness of
maintaining consolidated
dividend payout ratio of
40% or more

FY2023 Shareholder Returns

The mid-term dividend and annual dividend are expected to be 26 yen and 52 yen, respectively.



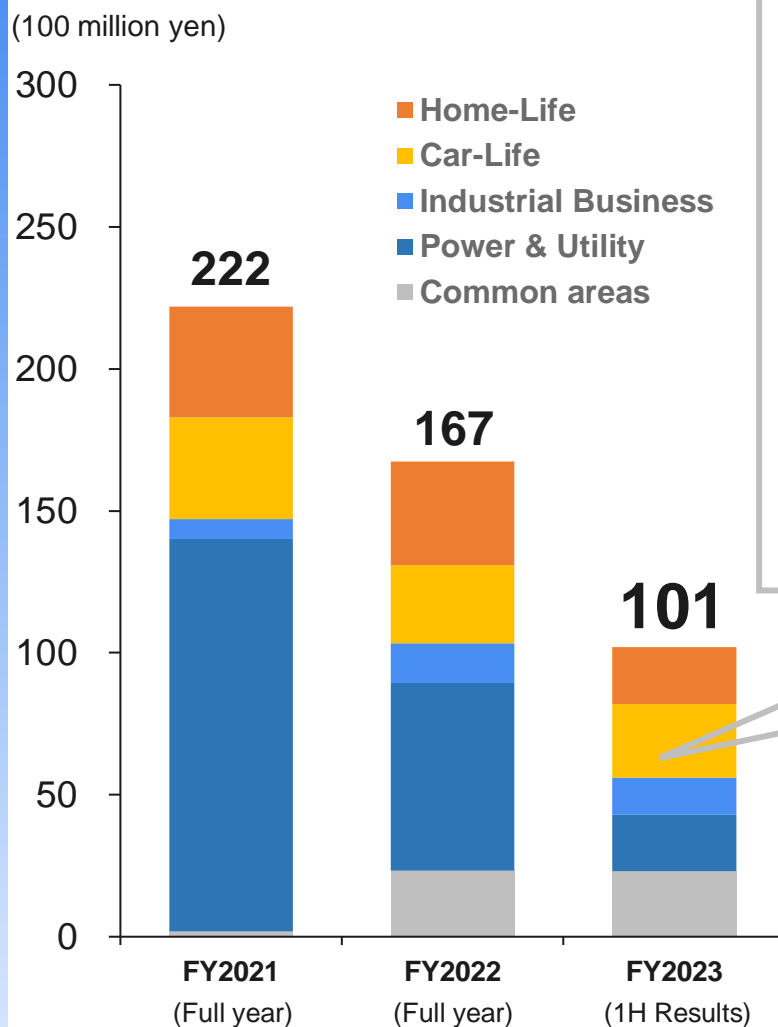
Shareholder Returns for FY2023 and FY2024

- Progressive dividends
- Strong awareness of maintaining consolidated dividend payout ratio of 40% or more

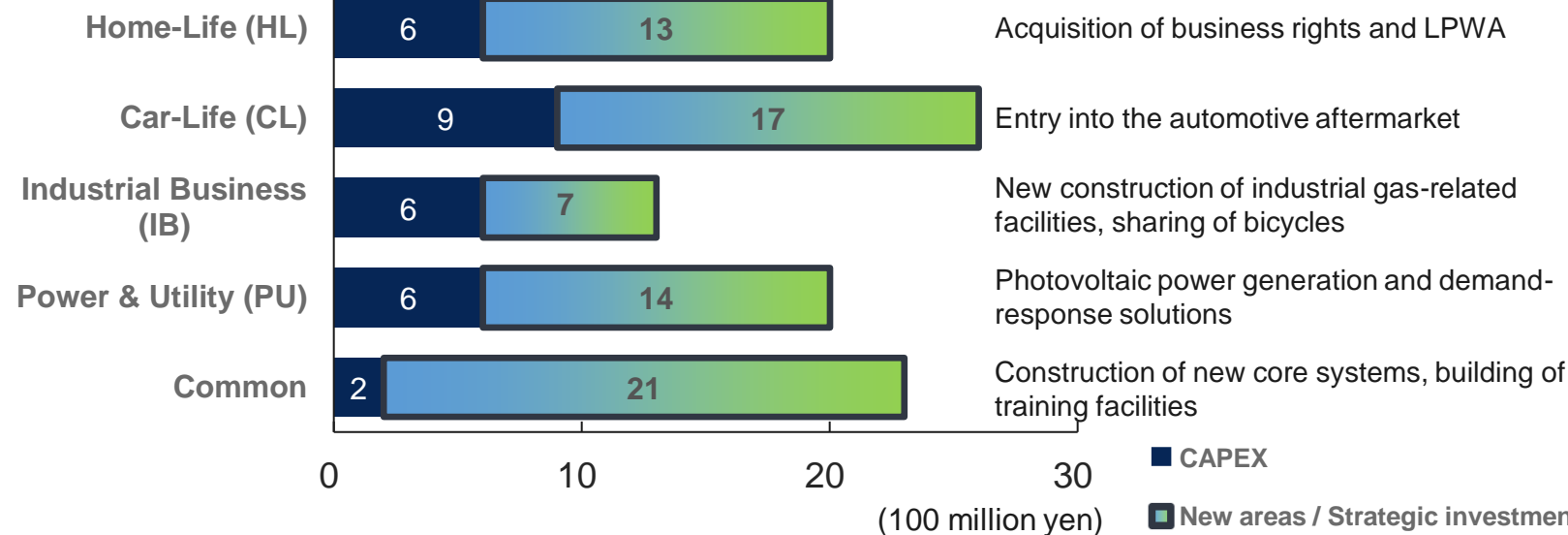
Annual dividend at 52 yen will be maintained in FY2023.

Dividend payout ratio (%)	32.4	31.7	45.2	36.3	34.8	41.0	41.0	41.2	46.4	41.1	40.8	43.5
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Progress in Investments and Breakdown



Major growth investments



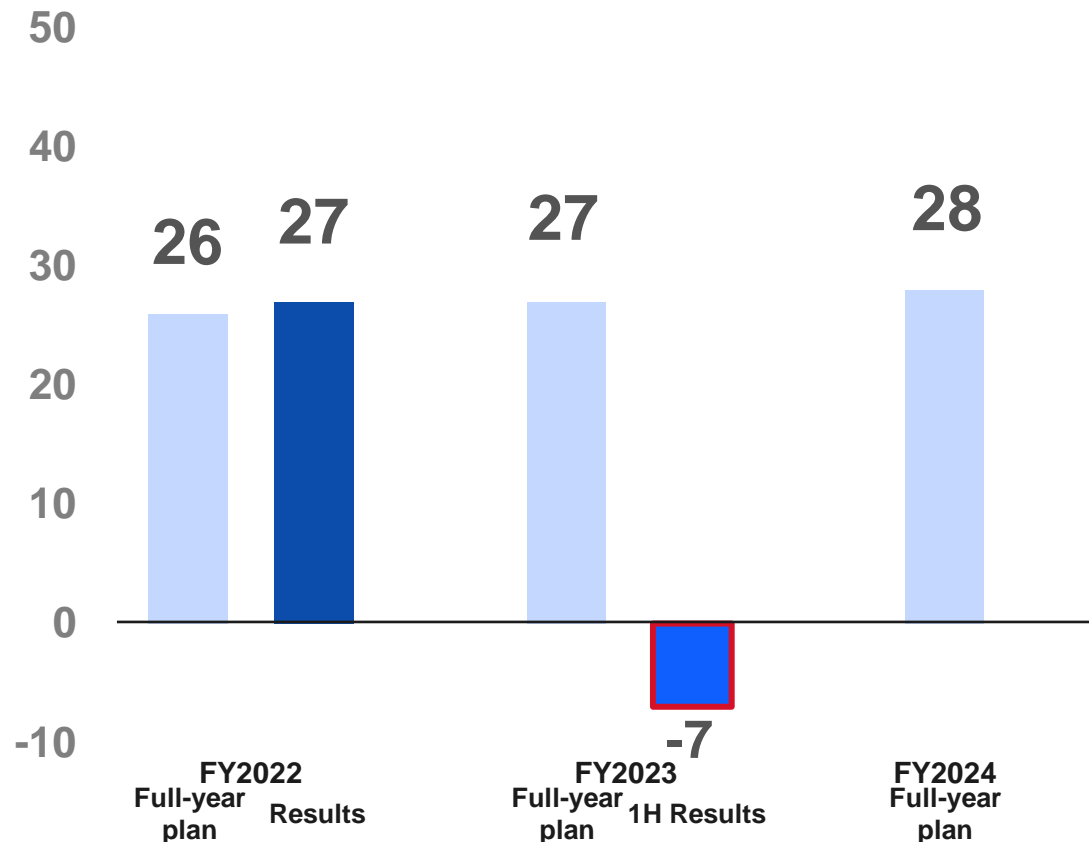
Investment results	Results for 1H/FY2023	HL	CL	IB	PU	Common
New areas/ Strategic investments	7.2 billion yen	1.3 billion yen	1.7 billion yen	0.7 billion yen	1.4 billion yen	2.1 billion yen
CAPEX	2.9 billion yen	0.6 billion yen	0.9 billion yen	0.6 billion yen	0.6 billion yen	0.2 billion yen
Total	10.1 billion yen	1.9 billion yen	2.6 billion yen	1.3 billion yen	2.0 billion yen	2.3 billion yen

Progress on Medium-Term Business Plan

(2) By segment/Progress in FY2023/1H

Net profit plan and results

(100 million yen)



Medium-term business plan

Progress in focus areas

LP gas business

- Number of households using the Group's LPG: rose to 573,000 (up 8,000 from the end of the previous year)
- Started to build a customer database on a by-installed-equipment basis
- Facilitated IO Center-based efforts to better address customers' quality requirements and streamline sales operations

New businesses and services

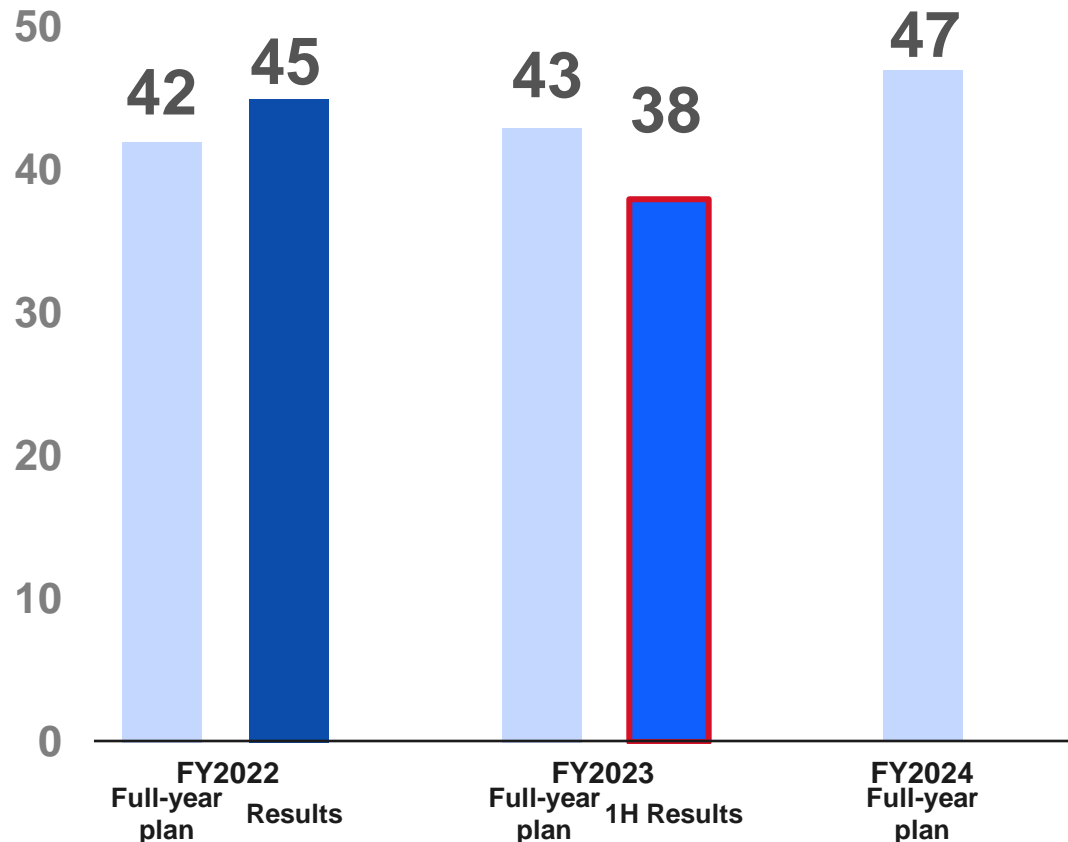
- Started to launch small businesses on an area-by-area basis
- Reviewed the point program to increase customer satisfaction
- Accelerated the M&A of LPG logistics networks and peripheral businesses

IT and digitalization

- Facilitated digitalization in safety audits, deadline management and educational areas
- Worked to acquire gold certification through the promotion of the LPWA technology (7 group companies are expected to acquire the certification), and drove the consolidation of bases
- Continued to renew website tools to direct customers

■ Net profit plan and results

(100 million yen)



Medium-term business plan

Progress in focus areas

■ Petroleum wholesale business

- Expanded the business foundation by offering diverse payment methods and facilitating the use of the interchangeable point scheme
- Expanded e-commerce websites (sales of car accessories)

■ Petroleum sales business

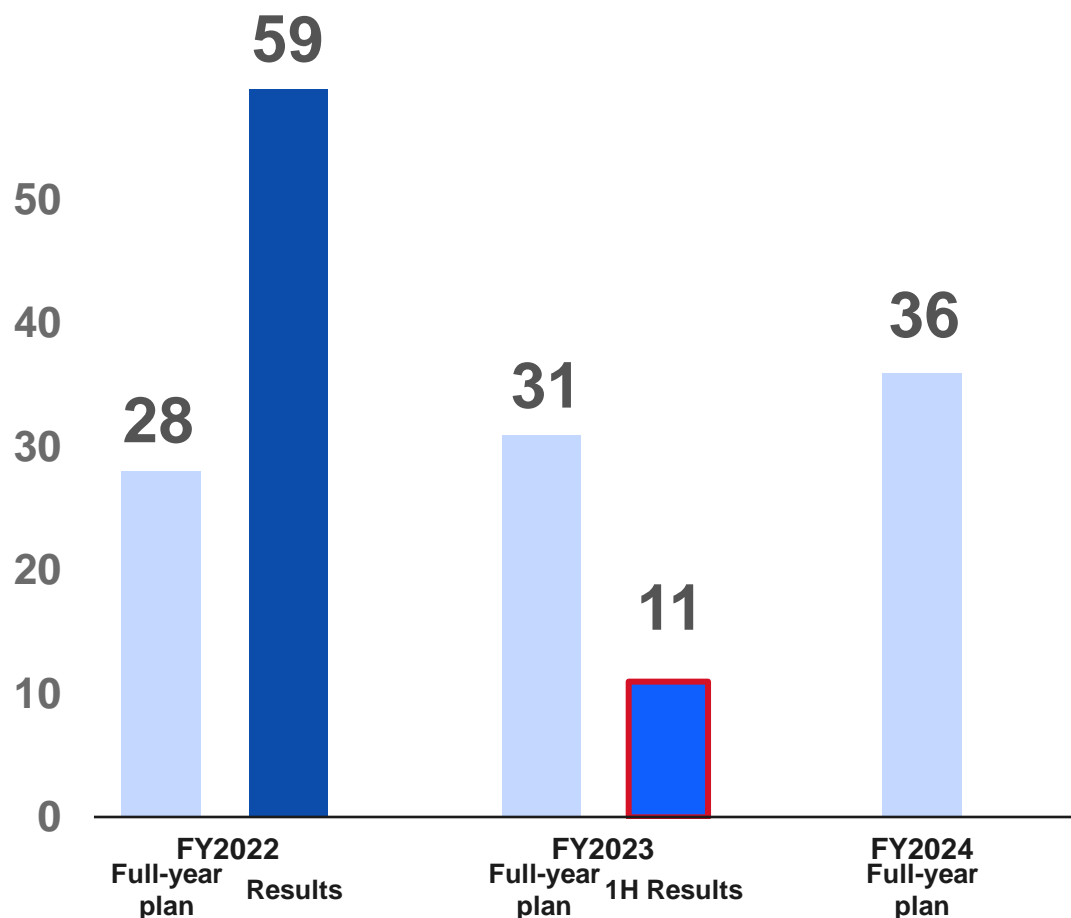
- Strengthened collaboration between fleet management agents
- Started contracted sales of vegetables in the Oita area

■ Mobility business

- Opened a shop that adopts a new business format at the LaLa Port Kadoma
- Realized capital participation in NAL Net Communications Co., Ltd.

■ Net profit plan and results

(100 million yen)



Medium-term business plan

Progress in focus areas

■ Further strengthening existing businesses

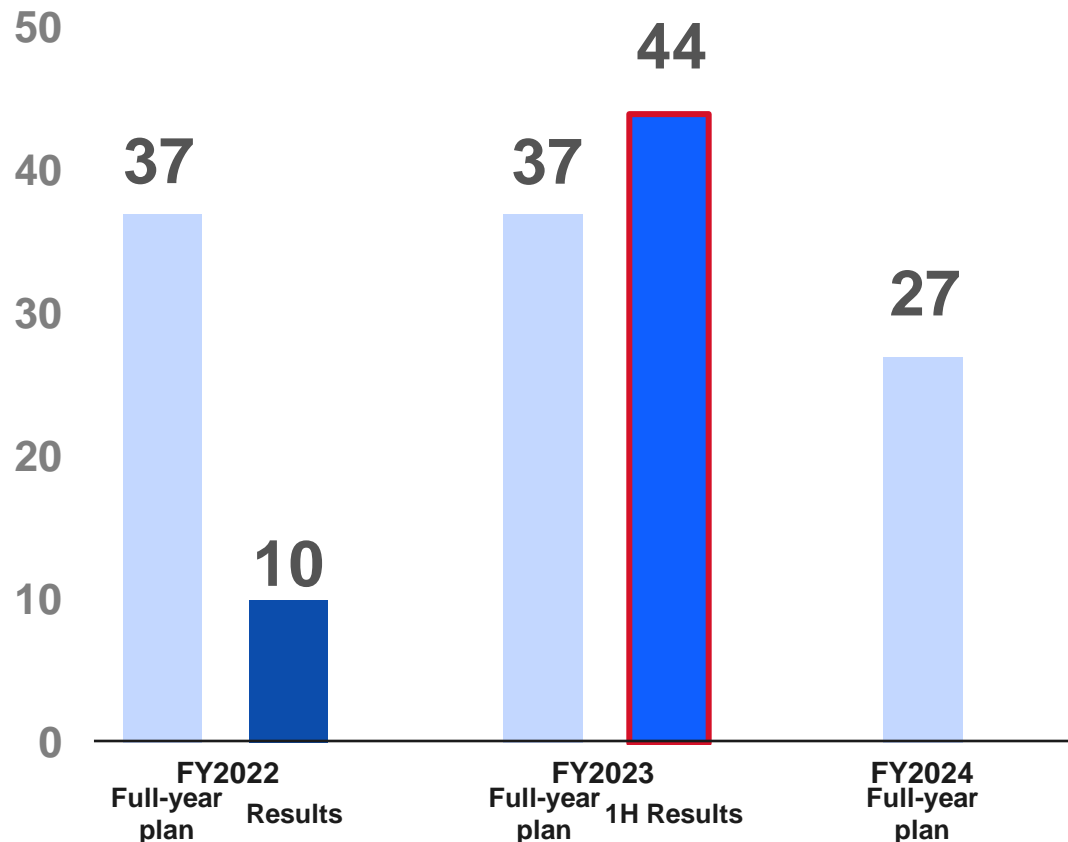
- Expanded the renewable diesel business
Started to supply the energy for the construction of facilities for the Osaka-Kansai Japan Expo
- Constructed the Okayama AdBlue® Plant
- Built tanks at the Sodegaura Asphalt Base

■ Development of new business

- Concluded a capital and business alliance agreement with OpenStreet
Commenced a demonstration experiment of bicycle sharing
- Launched an LNG bunkering vessel (Construction expected to be completed in March 2024)

■ Net profit plan and results

(100 million yen)



Medium-term business plan

Progress in focus areas

- **Expand customer base by utilizing electricity and DX**

 - Built a base of 650,000 electricity and mobility customers
 - Developed and introduced the Rakunori Smart unmanned rental car system
- **Realizing decarbonization and offering economic advantages simultaneously**

 - Launched an initiative to provide a PV-powered self-wheeling service for Corp Sapporo stores (200 facilities for 108 stores)
 - Completed the sale of large-scale mega solar power plant operating in Takasaki
- **Provision of new added-value services**

 - Participated in the electricity data utilization business through the capital and business alliance with Informatix Co., Ltd.

Appendix

New services with AI-based power analysis



- Formed a capital and business alliance with Informetis Co., Ltd.
- Informetis provides a power consumption visualization service.
- Efforts will be made to facilitate more efficient energy utilization through a demand response and other means and to provide new services and solutions based on high precision energy data.

Investment in the automotive aftermarket



- Realized capital participation in NAL Net Communications Co., Ltd. together with ITOCHU Corporation.
- NAL Net is a provider of vehicle maintenance management services to car lease companies.
- By leveraging the ITOCHU Group's expertise, efforts will be made to build a system to meet diverse automotive maintenance needs to expand the automotive aftermarket business.

Promotion of a sustainable asphalt supply system



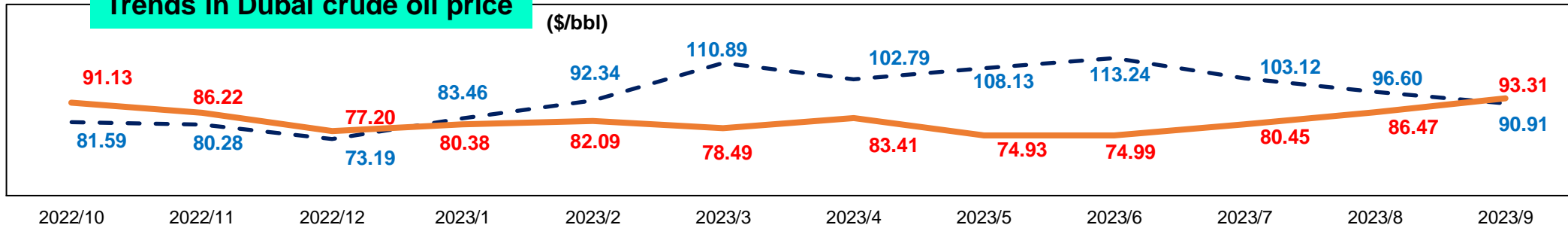
- Formed a capital and business alliance with Nichireki Co., Ltd.
- Nichireki is a provider of products, construction services and technologies, among other products and services, associated with road pavement.
- Efforts will be made to further strengthen businesses related to the maintenance of road infrastructure, with a view toward promoting environmental load reduction-oriented businesses and building a stable and secure system for the supply of asphalt and asphalt-related products.

【Appendix】 Market Trends

Crude oil and CP prices were on a slight upward trend while power prices remained at a low level.

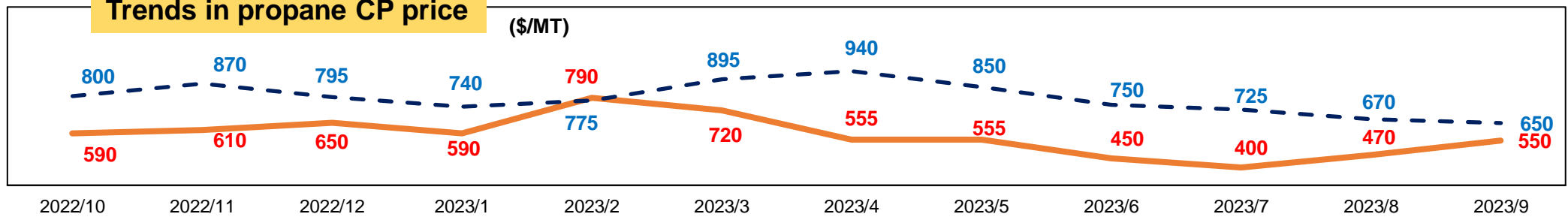
— Most recent 1 year (Oct. 2022 - Sep. 2023) - - - - - Year ago value

Trends in Dubai crude oil price



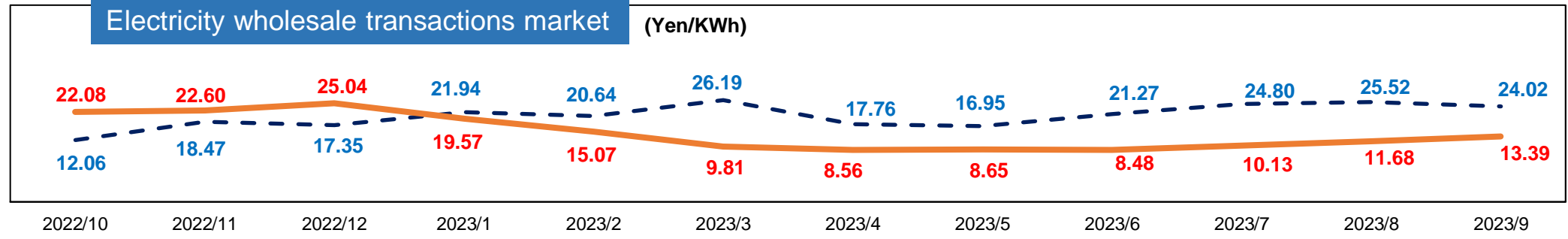
Average price
94.71
82.42
Change from the previous year: -12.29

Trends in propane CP price



Average price
788
578
Change from the previous year: -211

Electricity wholesale transactions market



Average price
20.58
14.59
Change from the previous year: -5.99

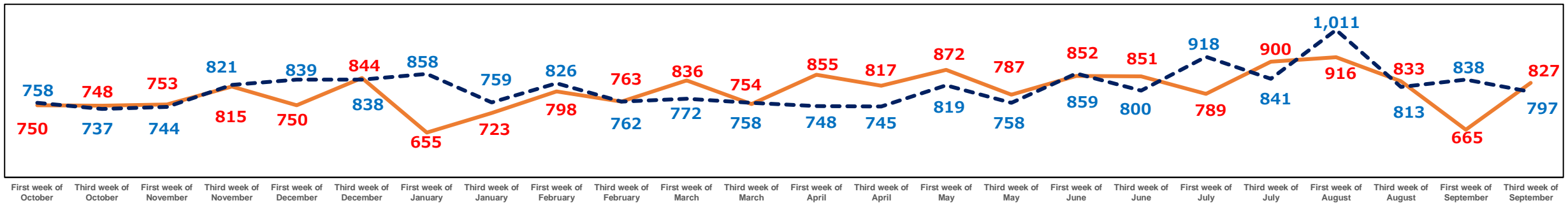
Appendix

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

Weekly shipment volume of gasoline

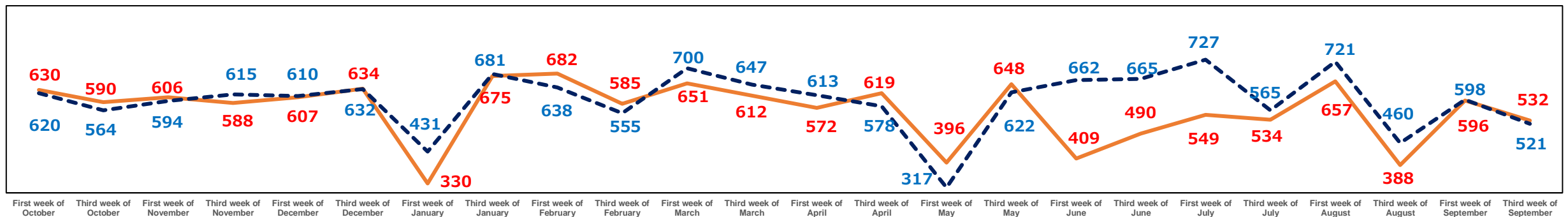
Unit: Thousand kiloliters

— Most recent 1 year (Oct. 2022 - Sep. 2023) - - - - Year ago value



Weekly shipment volume of diesel oil

Unit: Thousand kiloliters



* Created based on statistics from Petroleum Association of Japan

Appendix

[Reference] Monthly sales volume of LP gas (September to August, national statistics)

Unit: Thousand tons

	September			October			November			December			January			February		
	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2022	2023	Changes	2022	2023	Changes
For household and business use	442	440	△1%	509	492	△3%	618	621	+0%	849	810	△5%	835	822	△2%	800	765	△4%
For cars	29	31	+8%	33	30	△8%	31	31	△1%	37	32	△13%	30	28	△8%	26	26	+8%
Total	471	471	△1%	542	523	△4%	649	652	+0%	886	843	△5%	865	850	△2%	826	793	△4%

	March			April			May			June			July			August			Total		
	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	Year ago value	Most recent 1 year	Changes
For household and business use	806	722	△10%	621	566	△9%	529	533	+1%	499	465	△7%	448	430	△4%	402	409	+2%	7,358	7,075	△4%
For cars	31	29	△6%	31	28	△10%	30	29	△2%	32	29	△8%	34	32	△6%	32	31	△1%	375	359	△4%
Total	837	751	△10%	652	594	△9%	559	563	+1%	530	494	△7%	482	461	△4%	434	440	+1%	7,733	7,434	△4%

* Created based on statistics from Japan LP Gas Association

Appendix

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

Unit: Thousand units

	October			November			December			January			February			March		
	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes
Standard-sized and compact cars	151	186	+24%	189	193	+2%	191	181	△5%	182	202	+11%	185	237	+28%	285	330	+16%
Kei cars	80	110	+37%	103	115	+12%	89	104	+17%	91	118	+30%	105	120	+14%	142	148	+4%
Total	230	296	+28%	292	308	+6%	280	284	+1%	272	320	+17%	290	356	+23%	426	478	+12%

	April			May			June			July			August			September			Total		
	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	Year ago value	Most recent 1 year	Changes
Standard-sized and compact cars	154	193	+26%	136	180	+32%	170	227	+34%	187	222	+19%	154	183	+19%	212	238	+12%	2,194	2,571	+17%
Kei cars	91	96	+6%	75	92	+22%	98	105	+7%	101	99	△2%	80	97	+22%	113	126	+11%	1,168	1,329	+14%
Total	244	290	+19%	212	272	+28%	268	332	+24%	288	321	+11%	234	281	+20%	325	363	+12%	3,362	3,901	+16%

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

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