

This document is an English translation of a news release on February 21, 2019, made initially in Japanese. The Japanese original should be considered as the primary version.

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Company Split of Subsidiary (Simple Absorption-type Company Split)

Itochu Enex Co., Ltd. (“Itochu Enex”) hereby announces that a Board of Directors’ meeting held on February 21, 2019, resolved to succeed to the industrial gas sales business of its consolidated subsidiary, Itochu Industrial Gas Co., Ltd. (President and Chief Executive Officer: Shigeru Kondo; hereinafter “Itochu Industrial Gas”) on July 1, 2019, through a company split (hereinafter the “Company Split”), as described below.

Also on July 1, 2019, Itochu Industrial Gas will conduct an absorption-type merger in which Itochu Industrial Gas is the surviving company while J-Cylinder Service Co., Ltd. (President and Chief Executive Officer: Koji Tsutsumi; hereinafter “J-Cylinder”), which has a similar format with manufacturing functions of pressure resistance testing, filling and delivering, is the disappearing company.

As this is a simple company split in which a business division will be succeeded to by transfer from a consolidated subsidiary, certain disclosure items and details have been omitted from the disclosure.

1. Purpose of the Company Split

[Separation of Sales Function and Separation of Manufacturing Function]

The domestic industrial gas market environment includes stagnating production activity due to the society’s declining population and an ongoing offshore shift in manufacturing operations. As a result, the domestic industrial gas market has matured. Further expanding the industrial gas business base in this kind of environment requires even more efficient management than previously. In light of this situation, Itochu Enex has judged that, including the Group companies, sharing strengths and expertise and aiming to harness synergies, along with concentrating management resources and reorganizing its businesses, will enable it to achieve provision of competitive products and services.

2. Overview of the Company Split

(1) Schedule of the Company Split

Date of Board of Directors’ decision	February 21, 2019
Agreement conclusion date	Early May 2019 (scheduled)
Timing of the split (Effective date)	July 1, 2019 (scheduled)

*Since the Company Split corresponds to a simple absorption-type split provided in Article 796, Paragraph 2 of the Companies Act for Itochu Enex and corresponds to a summary absorption-type split provided in Article 784, Paragraph 1 of the Companies Act for Itochu Industrial Gas, both companies will conduct the

absorption-type split without obtaining approval of absorption-type company split agreement at their general meetings of shareholders.

(2) Form of the Company Split

The Company Split is an absorption-type split with Itochu Industrial Gas as the splitting company and Itochu Enex as the succeeding company.

(3) Details of the Allocation in the Company Split

Since the Company Split will be conducted between the parent and its consolidated subsidiary, Itochu Enex does not plan to allocate shares or issue other consideration, with regard to the reorganization.

(4) Handling of Share Acquisition Rights and Bonds with Share Acquisition Rights in Relation to the Company Split

No items to report.

(5) Changes in Paid-in Capital in Relation to the Company Split

There are no changes in paid-in capital due to the Company Split.

(6) Rights and Obligations to Be Succeeded To

Itochu Enex will succeed to the assets, liabilities, and rights and obligations belonging to the business involved in the Company Split from Itochu Industrial Gas.

(7) Outlook for Performance of Obligations

Itochu Enex deems that there will be no problem in its outlook for performance of the obligations that it should bear in the Company Split.

3. Overview of the Companies in the Company Split

(1) Overview of the Companies

	Succeeding company	Splitting company														
Name	Itochu Enex Co., Ltd.	Itochu Industrial Gas Co., Ltd.														
Location	2-10-1 Toranomom, Minato-ku, Tokyo	2-10-1 Toranomom, Minato-ku, Tokyo														
Representative	Kenji Okada, Representative Director, President and CEO	Shigeru Kondo, President and Chief Executive Officer														
Business activities	Sales of oil products and LPG, Automotive businesses, Electric power business, Other peripheral businesses	Industrial gas sales, Industrial gas container pressure resistance testing and filling business, Gas related equipment, etc.														
Paid-in Capital	¥19,878 million	¥115 million														
Established	January 28, 1961	October 13, 1918														
Number of shares issued	116,881,106 shares	1,192,298 shares														
Fiscal year-end	March 31	March 31														
Principal Shareholders and Stake (As of September 30, 2018)	<table border="0"> <tr> <td>ITOCHU Corporation</td> <td>53.97%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>4.56%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>4.09%</td> </tr> <tr> <td>Enex Fund</td> <td>2.69%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 9)</td> <td>1.90%</td> </tr> </table>	ITOCHU Corporation	53.97%	Japan Trustee Services Bank, Ltd. (Trust Account)	4.56%	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.09%	Enex Fund	2.69%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.90%	<table border="0"> <tr> <td>Itochu Enex Co., Ltd.</td> <td>99.7%</td> </tr> <tr> <td>Showa Denko K.K.</td> <td>0.3%</td> </tr> </table>	Itochu Enex Co., Ltd.	99.7%	Showa Denko K.K.	0.3%
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(2) Financial Position and Operating Results

Succeeding company (Itochu Enex Co., Ltd.)		Splitting company (Itochu Industrial Gas Co., Ltd.)	
Fiscal year ended March 31, 2018 (Consolidated/IFRS)		Fiscal year ended March 31, 2018 (Non-consolidated/Japanese GAAP)	
Total shareholders' equity	¥116,104 million	Total shareholders' equity	¥3,297 million
Total assets	¥382,621 million	Total assets	¥5,531 million
Shareholders' equity per share	¥1,028.57	Shareholders' equity per share	¥2,765.21
Revenue	¥744,767 million	Net sales	¥7,289 million
Profit from operating activities	¥17,153 million	Operating profit	¥398 million
Profit before tax	¥19,169 million	Ordinary profit	¥444 million
Net profit attributable to Itochu Enex's shareholders	¥11,025 million	Profit	¥296 million
Basic earnings per share attributable to Itochu Enex's shareholders	¥97.63	Earnings per share	¥247.96

4. Overview of the Business Division to Be Split Off

(1) Overview of the Business to be Split Off

Industrial gas-related business (Gas sales and sales of related instruments, etc.)

(2) Financial Results of the Division to be Succeeded To (Fiscal year ended March 31, 2018)

Net sales ¥7,289 million

5. Merger between Consolidated Subsidiaries

(1) Overview of the Companies Involved in the Merger between Subsidiaries

	Surviving company	Disappearing company
Name	Itochu Industrial Gas Co., Ltd.	J-Cylinder Service Co., Ltd.
Location	2-10-1 Toranomom, Minato-ku, Tokyo	75-1 Shingo, Higashimatsuyama-shi, Saitama
Representative	Shigeru Kondo, President and Chief Executive Officer	Koji Tsutsumi, President and Chief Executive Officer
Business activities	Industrial gas sales, Industrial gas container pressure resistance testing and filling business, Gas-related equipment, etc.	LP gas and industrial gas container pressure resistance testing and filling business, aircraft business (pressure resistance testing and filling of vessels for mounting on aircraft)
Paid-in Capital	¥115 million	¥10 million
Established	October 13, 1918	November 4, 1997
Number of shares issued	1,192,298 shares	400 shares
Fiscal year-end	March 31	March 31
Principal Shareholders and Stake	Itochu Enex Co., Ltd. 99.7%	Itochu Enex Co., Ltd. 50%
	Showa Denko K.K. 0.3%	Itochu Industrial Gas Co., Ltd. 50%

(2) Status after the Merger

On July 1, 2019, the fixed date for the merger, Koji Tsutsumi is to be appointed as President and Chief Executive Officer of the surviving company, Itochu Industrial Gas. The name, business activities, paid-in capital and fiscal year-end of the surviving company will not change after the merger.

6. Future Outlook

Since the Company Split is an absorption-type split with the Itochu Enex's consolidated subsidiary, and the merger of Itochu Industrial Gas and J-Cylinder is a merger between consolidated subsidiaries, the impact on the Itochu Enex's consolidated financial results will be negligible.