

ITOCHU ENEX CO., LTD.

(TSE First Section, 8133)

FY2021 Financial Results for First Nine Months

January 31, 2022

Note

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

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

- Unless otherwise noted, all the numerical values in this material are based on the International Financial Reporting Standards (IFRS).
- In this material, the notation has been replaced as follows.

“Profit from operating activities”	⇒	“Operating profit”
“Net profit attributable to Itochu Enex’s shareholders”	⇒	“Net profit”

Results Highlights

Overview of Consolidated Financial Results for First Nine Months of FY2021

- Quarterly net profits** increased 1.8 billion yen to **11.3 billion yen**, 19.0% year on year.
 Profit increased mainly due to the impact of inventory valuation factors associated with higher LP gas import prices and valuation gains from making mega solar power plants subsidiaries of the Company, despite the absence of temporary revenue from operations that captured crude oil price fluctuations in the same period of the previous fiscal year. As a consequence, profit for the first nine months **reached a record high**.
- The ratio of SG&A expenses to gross profit** suggests that the ratio of SG&A expenses was properly controlled (78.9%) as in the previous year, despite a recovery in sales activities in certain sectors.

Net sales

657.0 billion yen (+27.4% year on year)

Operating profit

17.9 billion yen (+12.5% year on year)

Gross profit





63.2 billion yen (-1.9% year on year)

Net profit

11.3 billion yen (+19.0% year on year)

The Impact of the COVID-19 Coronavirus Pandemic

Impact on business performance (Year-on-year change)

 Oil	<ul style="list-style-type: none"> ☐ Sales of gasoline and diesel oil increased although the impact of remote working and stay at home advisories remained.
 LP gas	<ul style="list-style-type: none"> ☐ The operating rates of stores/factories, etc. have been recovering, having led to an increase in the sales volume of LP gas (for business and industrial use). ☐ Demand driven by those refraining from going out was subsiding, but the sales volume of LP gas for household use remained unchanged from the year-ago level. Sales volume of LP gas for wholesale and automobile use decreased. ☐ Sales volume of industrial gas increased.
 Power	<ul style="list-style-type: none"> ☐ Operating rates of stores/factories, etc. have been recovering, having led to an increase in the sales volume of high voltage power. ☐ Sales volume of low voltage power, including that for household use, increased due to an increase in the number of contracts, although demand driven by those refraining from going out was subsiding.
 Sales of cars	<ul style="list-style-type: none"> ☐ Sales volume increased due to a recovery in sales of new model cars, etc.

Sales volume (company-wide)

<ul style="list-style-type: none"> ■ Gasoline 1,920,000 KL (+5.2% year on year) 	<ul style="list-style-type: none"> ■ LP gas 331,000 tons (-1.7% year on year) 	<ul style="list-style-type: none"> ■ Electricity Retail 1,800 GWh (+10.0 year on year, including agency quantity)
<ul style="list-style-type: none"> ■ Diesel oil 2,465,000 KL (+6.7% year on year) 	<ul style="list-style-type: none"> ■ Industrial gas 50,000 tons (+2.6% year on year) 	<ul style="list-style-type: none"> ■ New cars 19,000 units (+5.1% year on year)

- ◇ **Overview of Consolidated Financial Results for First Nine Months of FY2021**
 - (1) Overview of the Entire Company
 - (2) Overview by Segment
- ◇ **Appendix**

Overview of Consolidated Financial Results for First Nine Months of FY2021

(1) Overview of the Entire Company

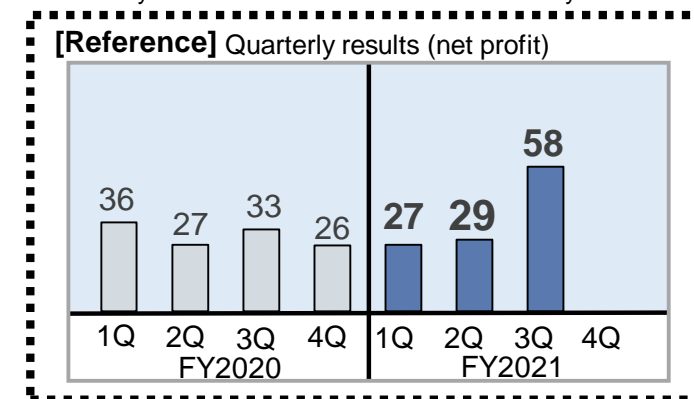
Summary of Financial Results for the First Nine Months of FY2021

Profit increased mainly due to valuation gains from making mega solar power plants subsidiaries of the Company, and profits for the first nine months reached a record high

(100 million yen)	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes	FY2021 Plan	Achievement rate
Net sales	5,157	6,570	+1,413	9,000*	73%
Gross profit	644	632	-12		
Selling, general and administrative expenses	-489	-498	-9		
Operating profit	159	179	+20	205	88%
Share of profit (loss) of investments accounted for using the equity method	8	16	+8		
Net profit	95	113	+18	125	91%
Ratio of SG&A expenses to gross profit	76.0%	78.9%	+2.9pt		
Dividends (yen/share)	22	23	+1		

- Quarterly net profits increased 1.8 billion yen to 11.3 billion yen, 19.0% year on year. Profit increased mainly due to the impact of inventory valuation factors associated with higher LP gas import prices and valuation gains from making mega solar power plants subsidiaries of the Company, despite the absence of temporary revenue from operations that captured crude oil price fluctuations in the same period of the previous fiscal year, and profit for the first nine months reached a record high.
- The ratio of SG&A expenses to gross profit came to 78.9%, a 2.9% increase year on year. The ratio rose, reflecting a recovery in sales activities in certain sectors.

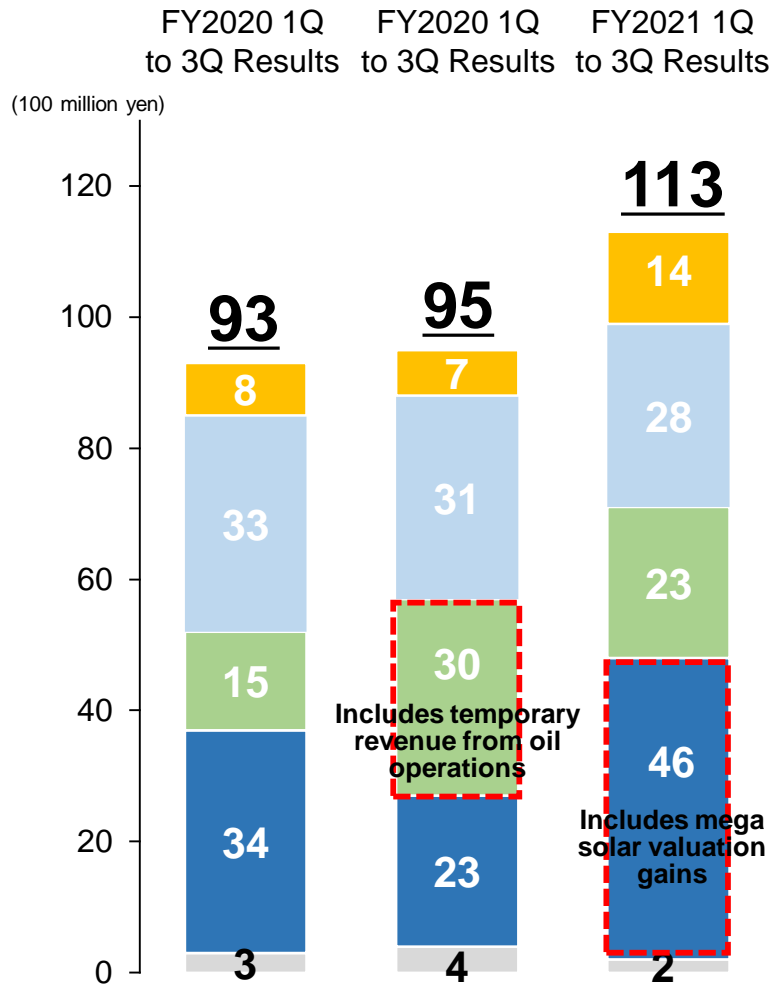
* The full-year consolidated earnings forecast for net sales was revised to 900 billion yen from an initial forecast of 800 billion yen on January 31, 2022.



Net Profit by Segment



Profit increased due to valuation gains from making mega solar power plants subsidiaries of the Company in the Power & Utility business



Major factors for increase/ decrease

Home-Life (YoY: +¥800 million, Percent of the plan achieved: 57%)

The number of customers under direct contract rose 5,000 from the end of the previous fiscal year, to approx. 557,000. For LP gas sales volume, demand for gas for business and industrial use was recovering. The overall sales volume remained unchanged from the year-ago level, reflecting decreases in wholesale sales and sales of gas for automobile use. Profit increased chiefly due to a recovery in the industrial gas business, reflecting the resumption of normal economic activity and the effect of inventories given a rise in import prices of LP gas.

Car-Life (YoY: -¥300 million, Percent of the plan achieved: 75%)

The number of filling stations decreased by 37 from the end of the previous fiscal year to 1,650. The sales volume of kerosene fell year on year, while demand for gasoline and diesel oil increased chiefly due to the resumption of normal economic activity. The overall sales volume of oil products increased year on year. The number of new cars sold increased year on year due to a recovery in sales of new model cars, etc. Profit declined due to the significant effect of a decrease in retail margins in the oil business, despite a recovery in the car dealer business.

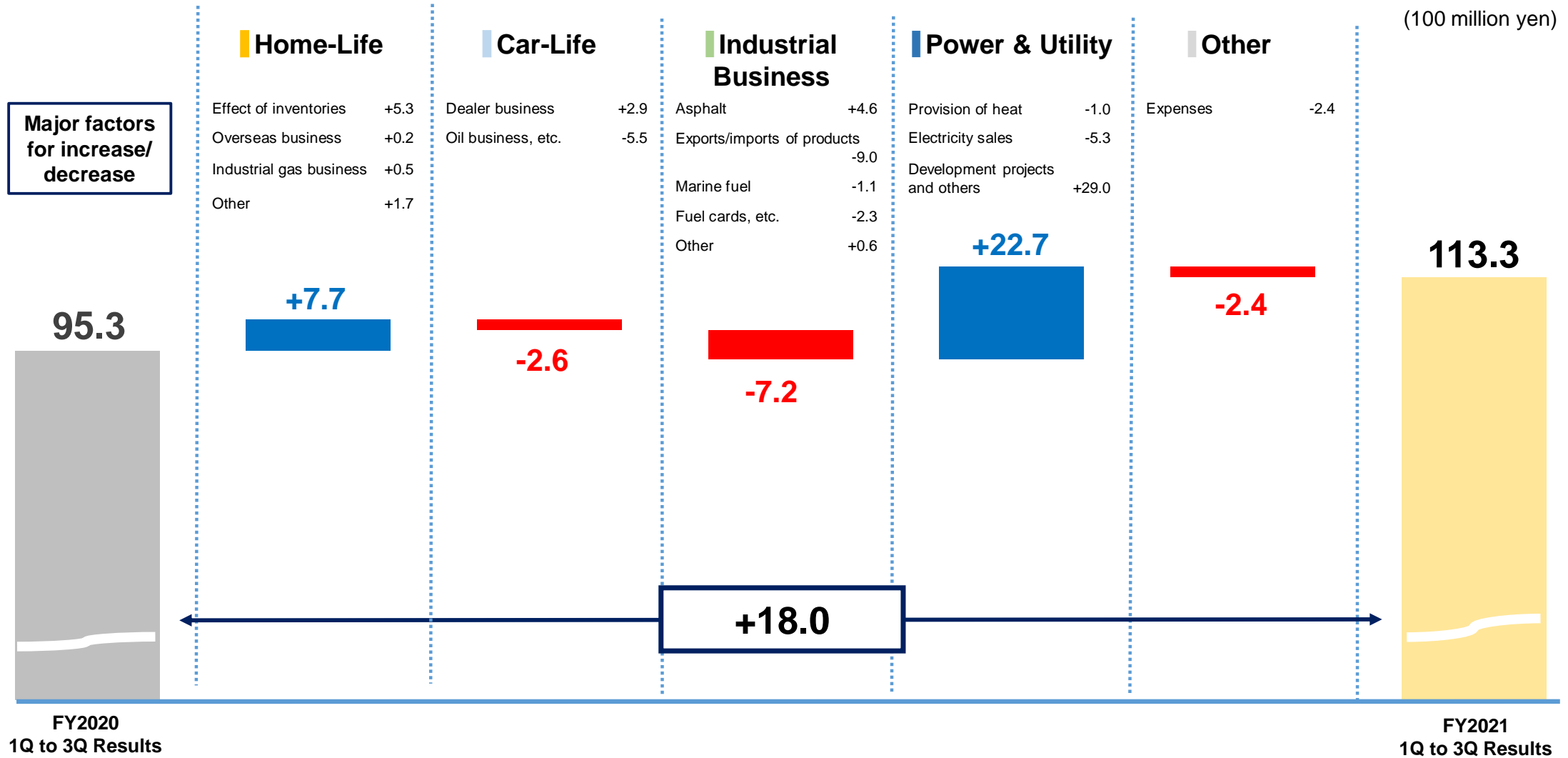
Industrial Business (YoY: -¥700 million, Percent of the plan achieved: 88%)

The sales volume in the asphalt business decreased year on year due to comprehensive measures to ensure profitable sales. Sales volume in the marine fuel business was also down year on year, as the supply of fuel for inland vessels for new routes of existing customers was offset by a decrease in the supply of fuel for ocean going vessels. The sales volume of corporate fleet refueling cards increased year on year, reflecting activities to find new customers. Profit decreased, as an increase in profit in the asphalt business was offset by the absence of the temporary earnings from operations in response to fluctuations in crude oil prices as well as financial income in the previous fiscal year.

Power & Utility (YoY: +¥2,300 million, Percent of the plan achieved: 118%)

Among electricity retail sales, high-voltage power sales volume increased year on year due to the winning of large projects. Low-voltage power sales volume increased year on year with a rise in the number of contracts, mainly for household use. Demand in the heat provision business declined year on year due to a far lower average temperature in the summer than the year-ago level. Profit increased sharply due to valuation gains from making mega solar power plants subsidiaries of the Company, despite narrower electricity retail margins due to higher procurement prices caused by surging resource prices.

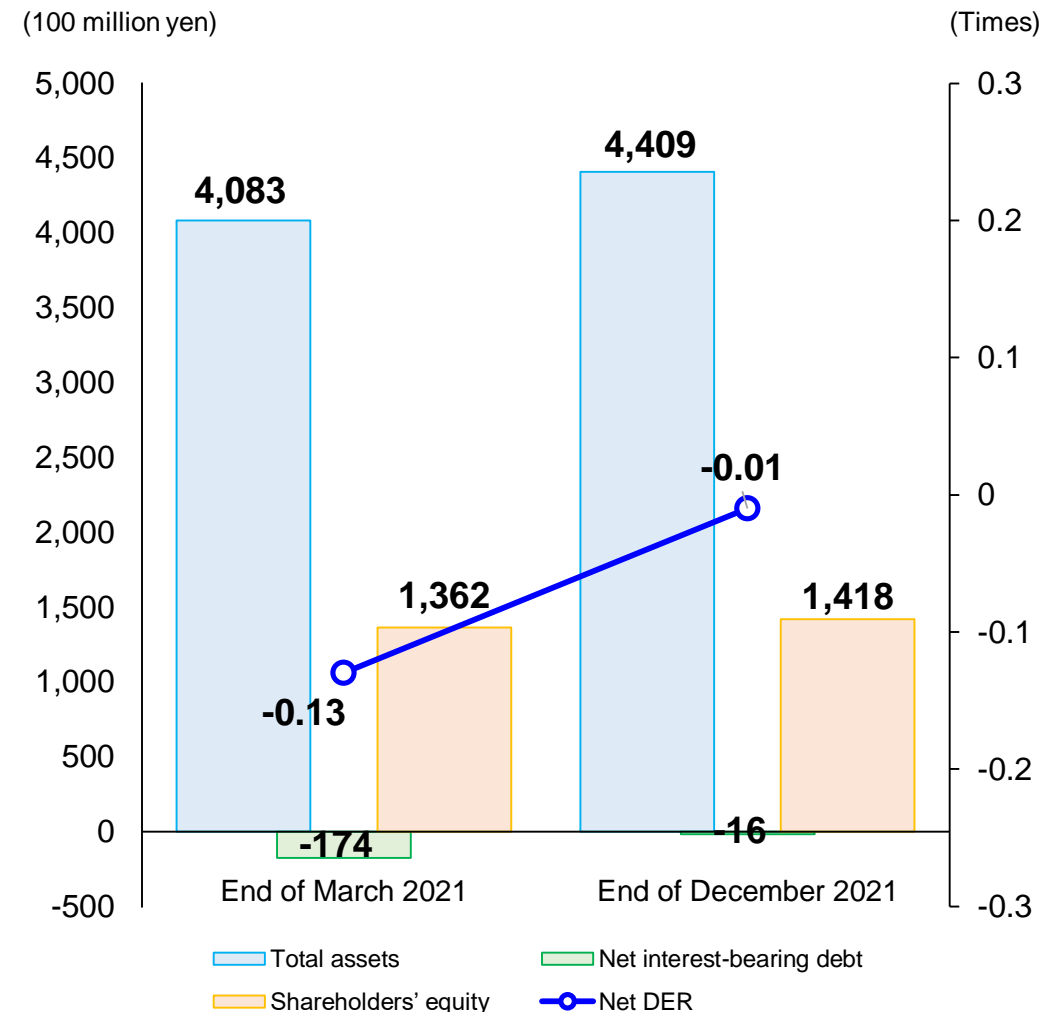
Analysis of Net Profit in 1Q to 3Q by Segment



Trade receivables/trade payables increased under the impact of seasonal and other factors

- Total assets:** Increased 32.5 billion yen from the end of the previous year due to increases in trade receivables/trade payables and came to **440.9 billion yen**.
- Shareholders' equity:** Increased 5.5 billion yen, to **141.8 billion yen**, mainly reflecting a rise in net profit.
- Net DER:** Net DER increased due to a rise in loans payable.

(100 million yen)	End of March 2021 Results	End of December 2021 Results	Changes
Total assets	4,083	4,409	+325
Net interest-bearing debt	-174	-16	+158
Shareholders' equity	1,362	1,418	+55
Ratio of shareholders' equity to net assets	33.4%	32.2%	-1.2pt
Net DER	-0.13	-0.01	+0.12



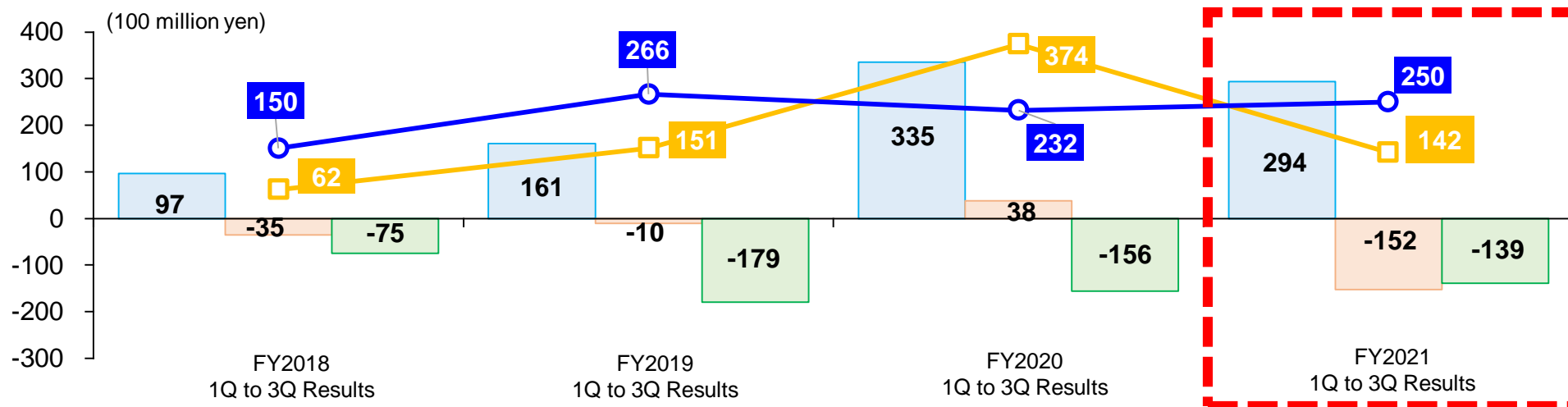
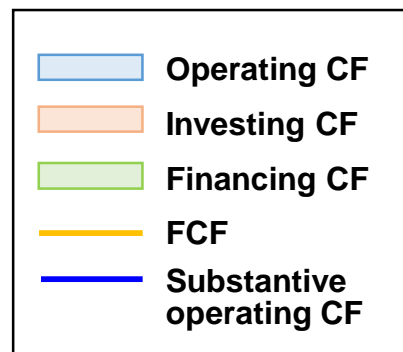
Continued to create ample cash flows from operating activities, and cash outflows due to investment in growth increased

(100 million yen)	FY2018 1Q to 3Q Results	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results
Cash flows from operating activities	97	161	335	294
Cash flows from investing activities	-35	-10	38	-152
(Free cash flows)	62	151	374	142
Cash flows from financing activities	-75	-179	-156	-139

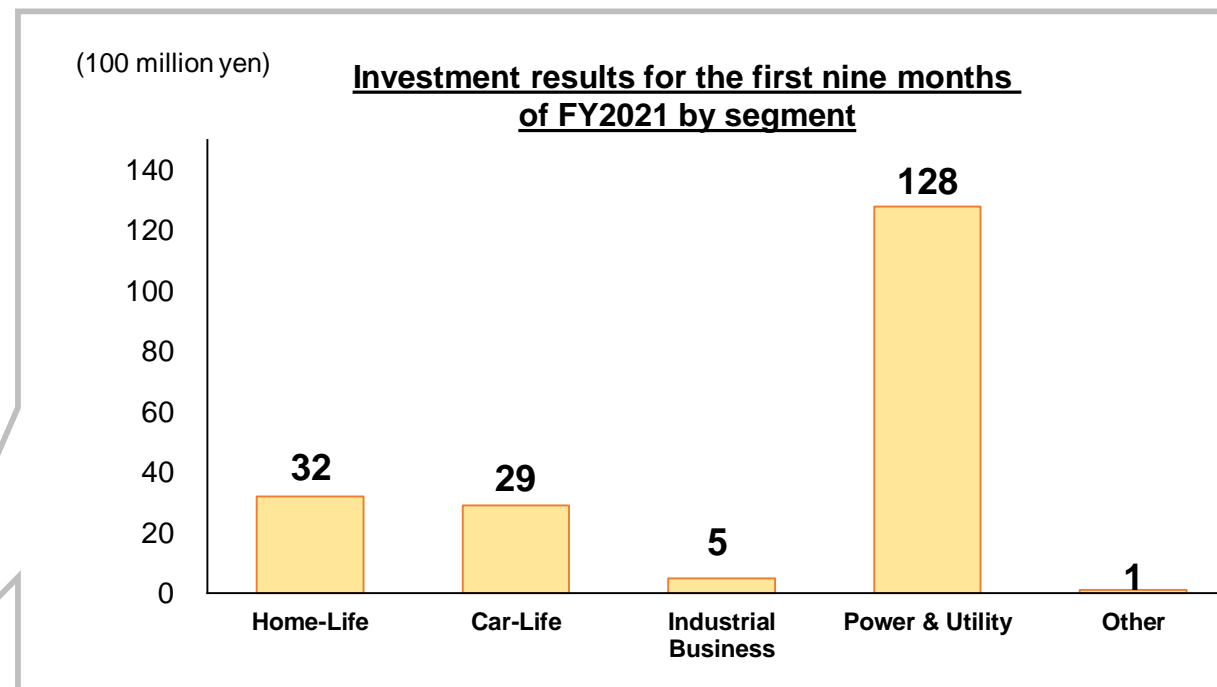
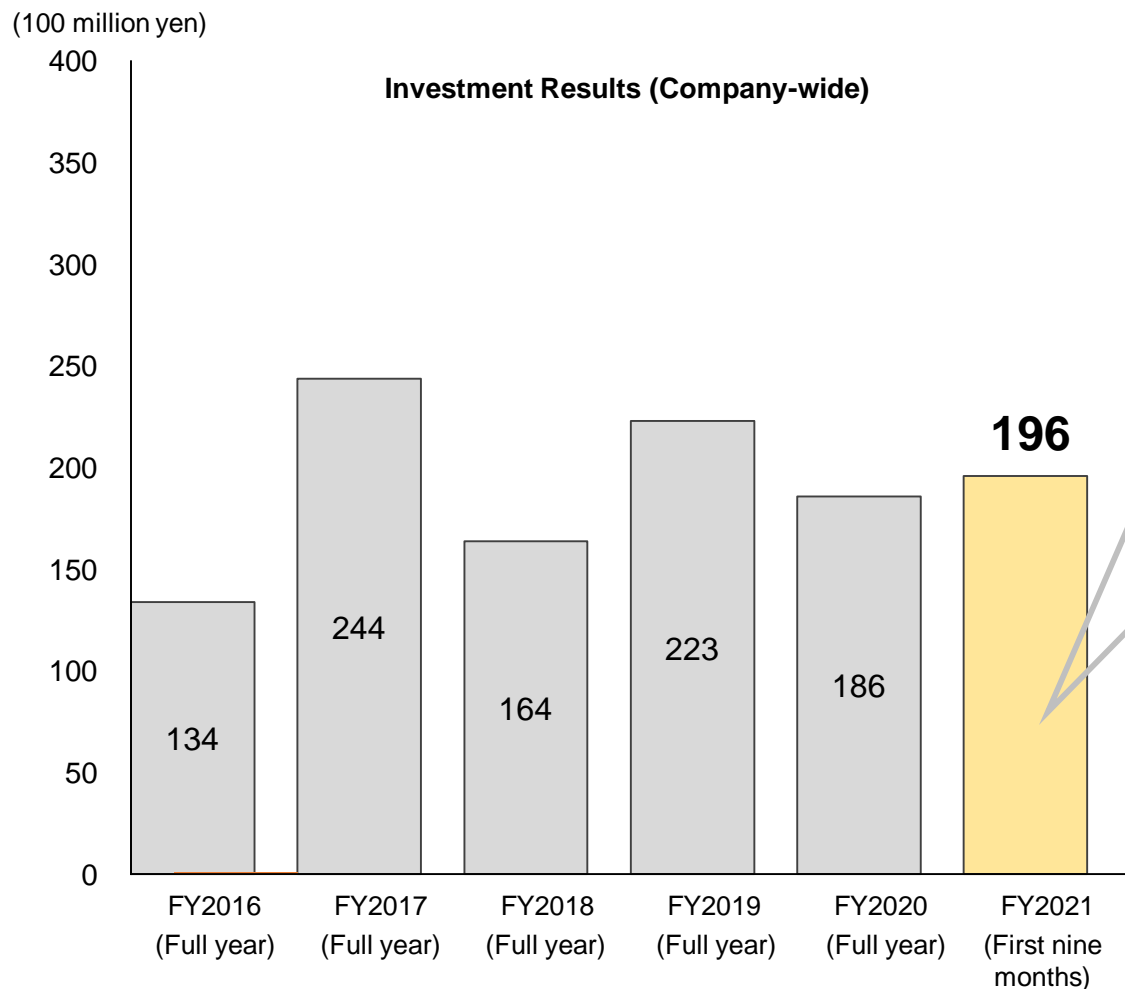
Substantive cash flows

Substantive operating cash flows (*)	150	266	232	250
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(*) Operating CF – Increase/decrease in working capital



Acquired full equity interests in mega solar equity-method affiliates in the Power & Utility business



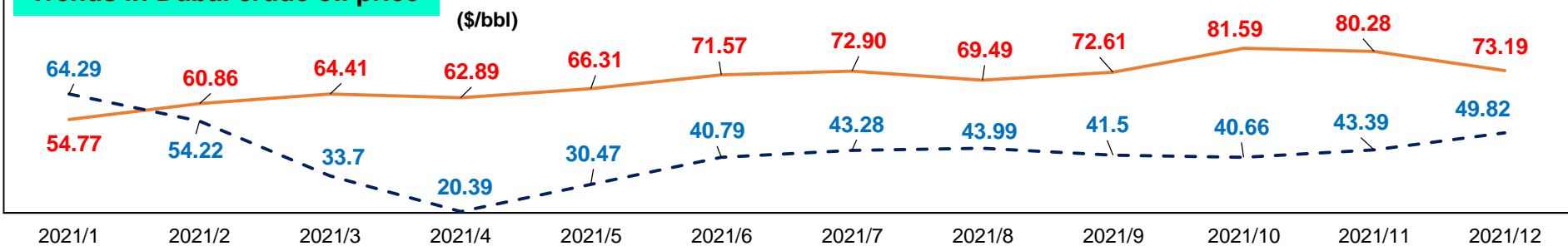
Major investment results

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.

Crude oil and CP prices have been on the rise since they bottomed out in April of the previous year

--- Year ago value — Recent value

Trends in Dubai crude oil price



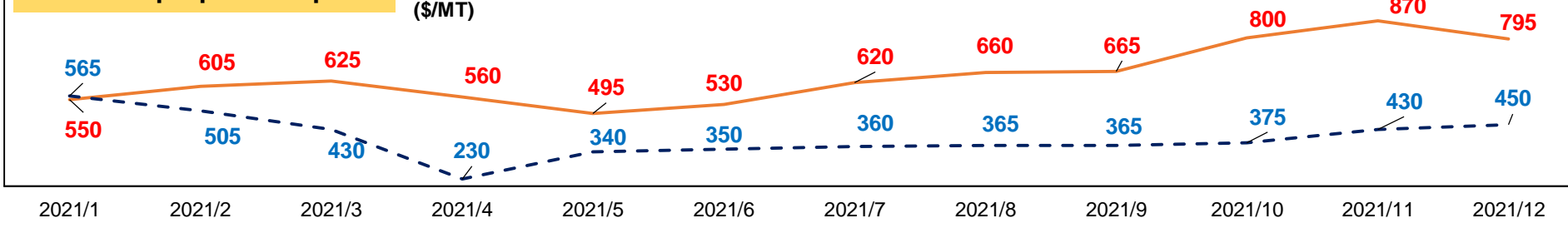
Average price

69.2

42.2

Change from the previous year: +27.0

Trends in propane CP price



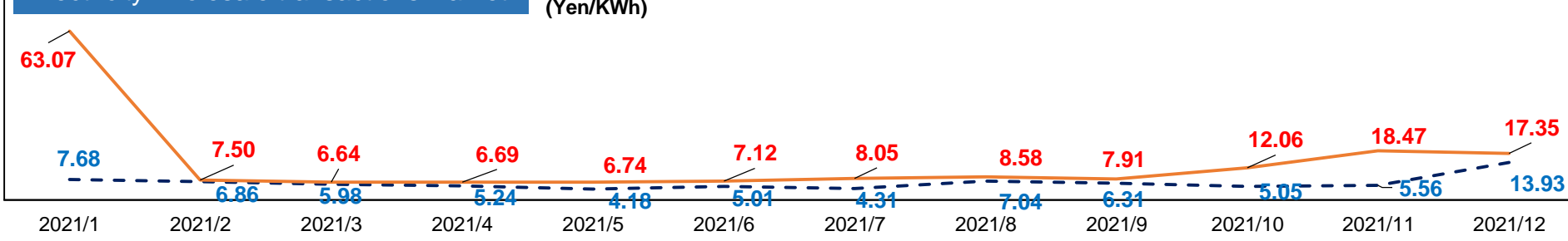
Average price

648

397

Change from the previous year: +251

Electricity wholesale transactions market



Average price

14.18

6.43

Change from the previous year: +7.75

Overview of Consolidated Financial Results for First Nine Months of FY2021

(2) Overview by Segment

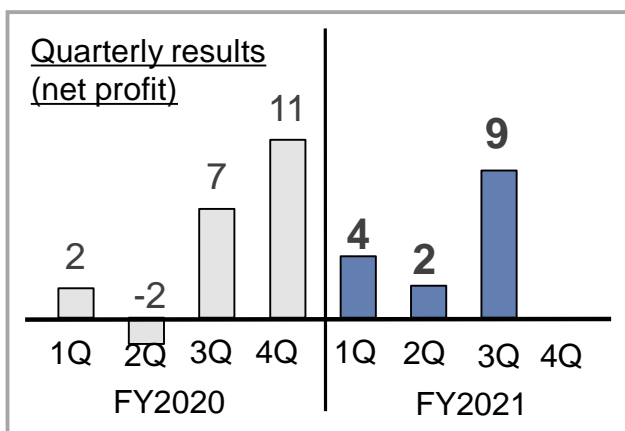
Results by Segment

(100 million yen)		FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes	Rate of change %	FY2021 Plan	Achievement rate
Company-wide	Net sales	5,157	6,570	+1,413	+27.4	9,000*	73%
	Operating profit	159	179	+20	+12.5	205	88%
	Net profit	95	113	+18	+19.0	125	91%
Home-Life	Net sales	526	610	+84	+16.0	—	—
	Operating profit	8	13	+5	+63.1	—	—
	Net profit	7	14	+8	+115.5	25	57%
Car-Life	Net sales	2,956	3,757	+800	+27.1	—	—
	Operating profit	56	56	-0	-0.8	—	—
	Net profit	31	28	-3	-8.5	38	75%
Industrial Business	Net sales	1,116	1,548	+432	+38.7	—	—
	Operating profit	38	33	-5	-14.1	—	—
	Net profit	30	23	-7	-24.0	26	88%
Power & Utility	Net sales	559	655	+96	+17.3	—	—
	Operating profit	50	74	+24	+47.9	—	—
	Net profit	23	46	+23	+97.8	39	118%

* The full-year consolidated earnings forecast for net sales was revised to 900 billion yen from an initial forecast of 800 billion yen on January 31, 2022.

Profit increased due to the effect of inventories reflecting rising LP gas import prices.

(100 million yen)	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	146	152	+5	The number of customers under direct contract rose 5,000 from the end of the previous fiscal year, to approx. 557,000. For LP gas sales volume, demand for gas for business and industrial use was recovering. The overall sales volume remained unchanged from the year-ago level, reflecting decreases in wholesale sales and sales of gas for automobile use. Profit increased chiefly due to a recovery in the industrial gas business, reflecting the resumption of normal economic activity and the effect of inventories given a rise in import prices of LP gas.	25	57%
Selling, general and administrative expenses	-139	-141	-2			
Operating profit	8	13	+5			
Share of profit (loss) of investments accounted for using the equity method	6	12	+6			
Net profit	7	14	+8			



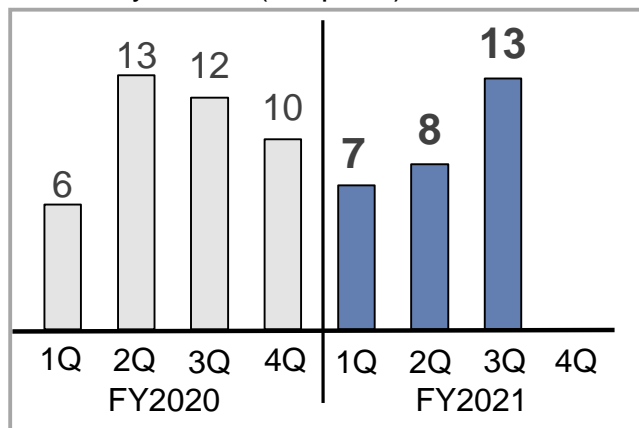
<u>Profit (loss) of major affiliates</u>	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes	<u>Number of customers (1,000)</u>	End of March 2021	End of December 2021	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	4	3	-0	Number of customers under direct LP gas supply contracts	552	557	+5
ECORE (The Company's equity 51%)	3	5	+2	Number of customers for electricity retail	109	117	+8
ENEARC (The Company's equity 50%)	3	3	-1	<u>Sales volumes</u>	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes
				LP gas (thousand tons)	328	323	-1%
				Industrial gas (thousand tons)	49	50	+3%

* FY2020 1Q to 3Q results for LP gas have been recalculated and are different from those in the previous year's presentation materials.

Profit decreased due to a decline in retail margins in the oil business, despite a recovery in the car dealer business.

(100 million yen)	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	344	341	-3	The number of filling stations decreased by 37 from the end of the previous fiscal year to 1,650. The sales volume of kerosene fell year on year, while demand for gasoline and diesel oil increased chiefly due to the resumption of normal economic activity. The overall sales volume of oil products increased year on year. The number of new cars sold increased year on year due to a recovery in sales of new model cars, etc. Profit declined due to the significant effect of a decrease in retail margins in the oil business, despite a recovery in the car dealer business.		
Selling, general and administrative expenses	-289	-286	+3			
Operating profit	56	56	-0			
Share of profit (loss) of investments accounted for using the equity method	0	1	+0			
Net profit	31	28	-3			38

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes
ENEX FLEET	18	12	-6
Osaka Car Life Group (The Company's equity 51.95%)	4	7	+3

Sales volumes

	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes
Gasoline (thousand KL)	1,276	1,291	+1%
Kerosene (thousand KL)	211	181	-14%
Diesel oil (thousand KL)	1,502	1,539	+2%
New cars (thousand units)	18	19	+5%
Used cars (thousand units)	16	16	-0%

* FY2020 1Q to 3Q results for Gasoline have been recalculated and are different from those in the previous year's presentation materials.

Profit decreased year on year due to the absence of temporary earnings, etc., but the asphalt business recovered.

(100 million yen)

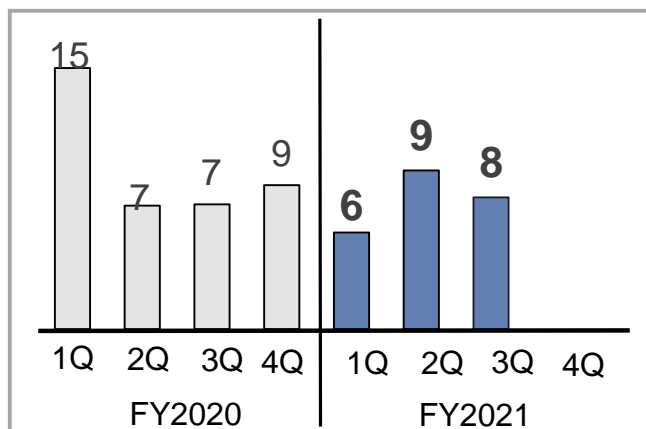
	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes
Gross profit	69	69	+1
Selling, general and administrative expenses	-31	-36	-5
Operating profit	38	33	-5
Share of profit (loss) of investments accounted for using the equity method	1	0	-0
Net profit	30	23	-7

Major factors for increase/ decrease

The sales volume in the asphalt business decreased year on year due to comprehensive measures to ensure profitable sales. Sales volume in the marine fuel business was also down year on year, as the supply of fuel for inland vessels for new routes of existing customers was offset by a decrease in the supply of fuel for ocean going vessels. The sales volume of corporate fleet refueling cards increased year on year, reflecting activities to find new customers. Profit decreased, as an increase in profit in the asphalt business was offset by the absence of the temporary earnings from operations in response to fluctuations in crude oil prices as well as financial income in the previous fiscal year.

FY2021 Plan	Achievement rate
26	88%

Quarterly results (net profit)



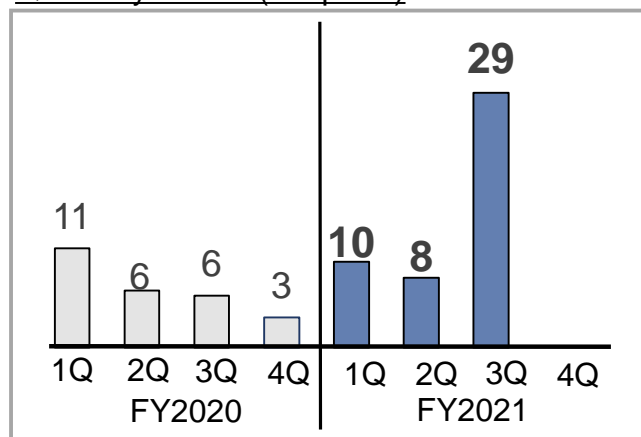
Sales volumes

	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes
Gasoline (thousand KL)	537	617	+15%
Kerosene (thousand KL)	289	290	+0%
Diesel oil (thousand KL)	802	922	+15%
Heavy fuel oil (thousand KL)	1,683	1,366	-19%
Asphalt (thousand tons)	227	210	-7%

Profit increased sharply due to valuation gains from making mega solar power plants subsidiaries of the Company

(100 million yen)	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	85	69	-16	Among electricity retail sales, high-voltage power sales volume increased year on year due to the winning of large projects. Low-voltage power sales volume increased year on year with a rise in the number of contracts, mainly for household use. Demand in the heat provision business declined year on year due to a far lower average temperature in the summer than the year-ago level. Profit increased sharply due to valuation gains from making mega solar power plants subsidiaries of the Company, despite narrower electricity retail margins due to higher procurement prices caused by surging resource prices.	39	118%
Selling, general and administrative expenses	-37	-39	-2			
Operating profit	50	74	+24			
Share of profit (loss) of investments accounted for using the equity method	2	3	+2			
Net profit	23	46	+23			

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes
ENEX Electric Power Group	8	6	-2
ENEX LIFE SERVICE	2	2	-0
Tokyo Toshi Service Company (The Company's equity 66.6%)	10	9	-1
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	9	4	-5

Sales volumes	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	Changes	
Electricity Retail (GWh)*	1,636	1,800	+10%	
Breakdown	Sales of high voltages*	1,236	1,328	+7%
	Sales of low voltages*	401	472	+18%
Steam (thousand tons)	380	357	-6%	
Heat quantity (TJ)	974	928	-5%	

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

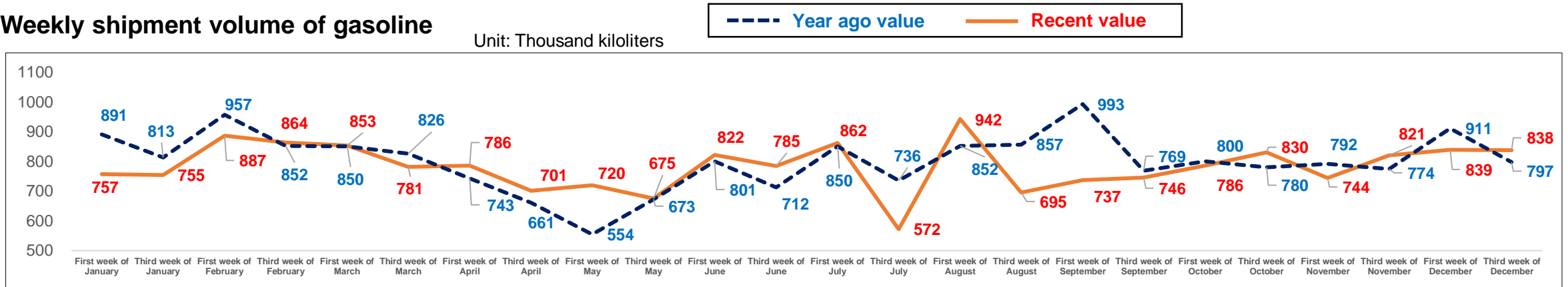
Appendix

Appendix

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

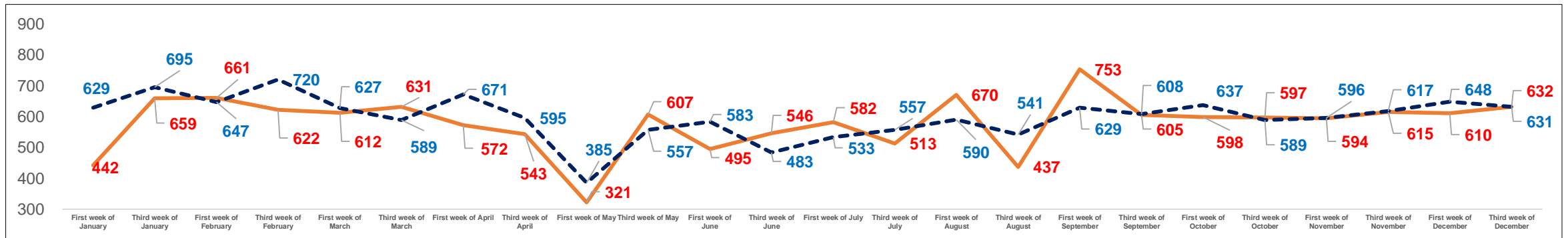
Weekly shipment volume of gasoline

Unit: Thousand kiloliters



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 (December to November, national statistics)

Unit: Thousand tons

	December			January			February			March			April			May		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	804	828	+3%	780	813	+4%	747	736	-1%	749	764	+2%	646	616	-5%	513	522	+2%
For cars	51	37	-27%	45	29	-36%	42	27	-36%	41	31	-24%	29	30	+3%	22	26	+18%
Total	855	865	+1%	825	842	+2%	789	763	-3%	790	795	+1%	675	646	4%	535	548	+2%

	June			July			August			September			October			November			Total		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	Year before last	Last one year	Changes
For household and business use	454	494	+9%	451	458	+2%	412	405	-2%	401	442	+10%	526	509	-3%	616	618	+0%	7,099	7,205	+1%
For cars	31	30	-3%	37	33	-11%	35	31	-11%	35	29	-17%	36	33	-8%	33	31	-6%	437	367	-16%
Total	485	524	+8%	488	491	+1%	447	436	-2%	436	471	+8%	562	542	-4%	649	649	+0%	7,536	7,572	+0%

* 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) (January to December, national statistics)

Unit: Thousand units

	January			February			March			April			May			June		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
Standard-sized and compact cars	193	208	+8%	233	227	-3%	322	329	+2%	145	183	+26%	124	166	+34%	182	198	+9%
Kei cars	108	116	+7%	129	135	+5%	163	181	+11%	75	106	+42%	51	96	+89%	102	99	-3%
Total	301	324	+8%	362	362	+0%	485	510	+5%	220	289	+32%	175	262	+50%	284	297	+4%

	July			August			September			October			November			December			Total		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	Year before last	Last one year	Changes
Standard-sized and compact cars	207	213	+3%	169	176	+4%	252	170	-33%	221	151	-32%	219	189	-14%	211	191	-9%	2,479	2,399	-3%
Kei cars	123	97	-22%	101	88	-13%	138	87	-37%	154	103	-33%	159	133	-16%	136	118	-14%	1,439	1,358	-6%
Total	331	309	-6%	270	264	-2%	391	257	-34%	375	253	-32%	378	322	-15%	347	309	-11%	3,918	3,757	-4%

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

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