

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

Supplementary Explanation of Financial Results(FY2021)

April 28, 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 the Fiscal Year Ended March 31, 2022

- **Net profit** increased 1 billion yen to **13.2 billion yen**, up 8.4% 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 previous fiscal year, and profit for the fiscal year under review reached a **record high** for the seventh consecutive year.
- **The ratio of SG&A expenses to gross profit** rose 4.2% year on year, to 81.4% due to a decline in gross profit.

Net sales

936.5 billion yen (+26.7% year on year)

Operating profit

20.9 billion yen (+8.2% year on year)

Gross profit

83.6 billion yen (-3.8% year on year)

Net profit

13.2 billion yen (+8.4% year on year)

◇ **Overview of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2022**

(1) Overview of the Entire Company

(2) Overview by Segment

◇ **Appendix**

Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(1) Overview of the Entire Company

Summary of Financial Results for FY2021

Net profit marked a record high for the seventh consecutive year, due to valuation gains from making mega solar power plants subsidiaries of the Company.

(100 million yen)	FY2020 Results	FY2021 Results	Changes	FY2021 Plan	Achievement rate
Net sales	7,391	9,365	+1,975	9,000*	104%
Gross profit	869	836	-33		
Selling, general and administrative expenses	-671	-681	-10		
Operating profit	193	209	+16	205	102%
Share of profit (loss) of investments accounted for using the equity method	17	24	+7		
Net profit	122	132	+10	125	106%
Ratio of SG&A expenses to gross profit	77.2%	81.4%	+4.2pt		
Dividends (yen/share)	50	48	-2		

Net profit increased 1 billion yen to 13.2 billion yen, up 8.4% year on year.

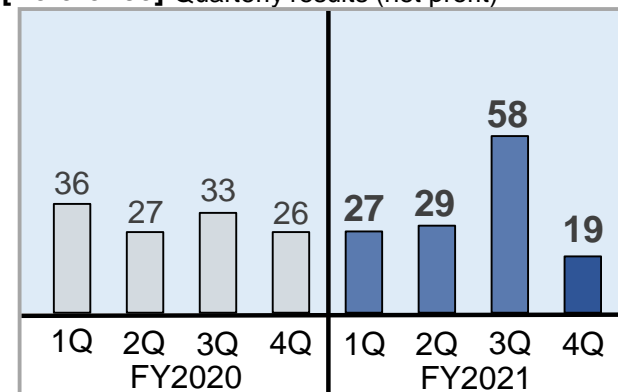
Profit increased mainly due to the impact of inventory valuation factors associated with higher LP gas import prices and valuation gains from making mega solar power plants subsidiaries of the Company, despite the absence of temporary revenue from operations that captured crude oil price fluctuations in the previous fiscal year, and profit for the fiscal year under review reached a record high for the seventh consecutive year.

The ratio of SG&A expenses to gross profit rose 4.2% year on year, to 81.4% due to a decline in gross profit.

The annual dividend is expected to rise 4.00 yen from that for the previous year, to an ordinary dividend of 48 yen per share, excluding a commemorative dividend of 6.00 yen per share.

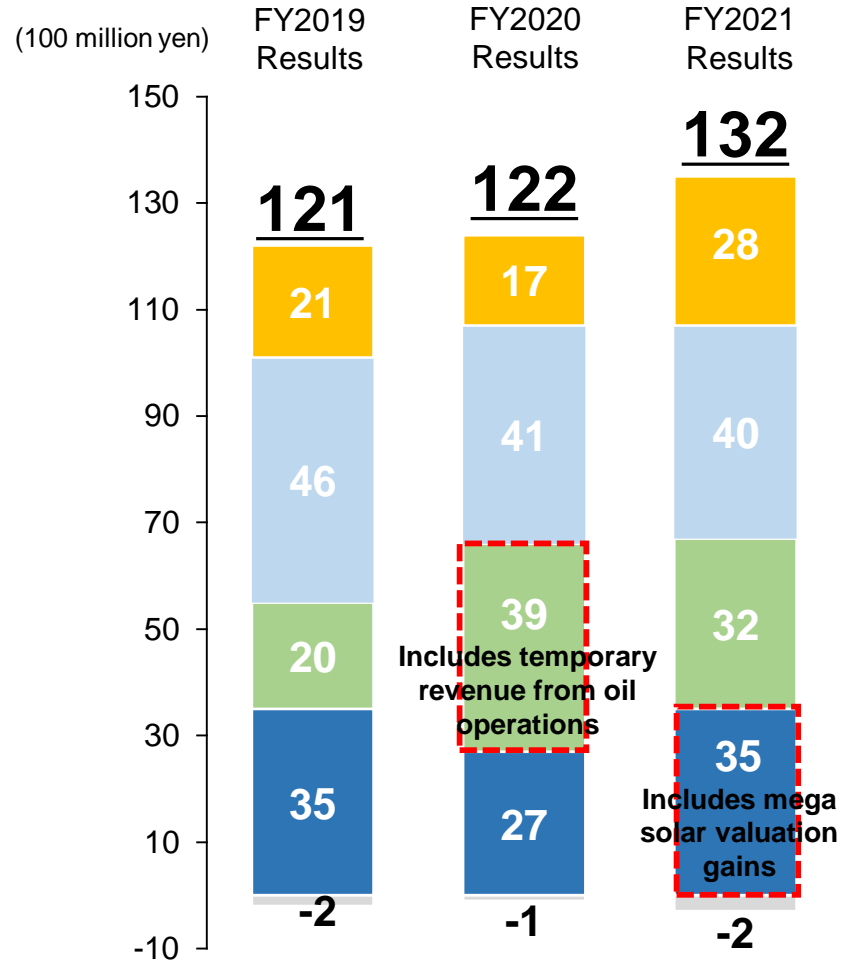
* The full-year consolidated earnings forecast for net sales was revised to 900 billion yen from an initial forecast of 800 billion yen on January 31, 2022.

[Reference] Quarterly results (net profit)



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: +¥1,000 million, Percent of the plan achieved: 110%)

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 slightly decreased 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: -¥100 million, Percent of the plan achieved: 105%)

The number of filling stations decreased by 51 from the end of the previous fiscal year to 1,636. 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 slightly increased year on year. The number of new cars sold decreased year on year due to the spread of COVID-19 and effect of semiconductor shortages. Profit remained at the level of the previous year overall, given the significant effect of a decrease in retail margins in the CS business, despite a rise in profitability per unit in the car dealer business.

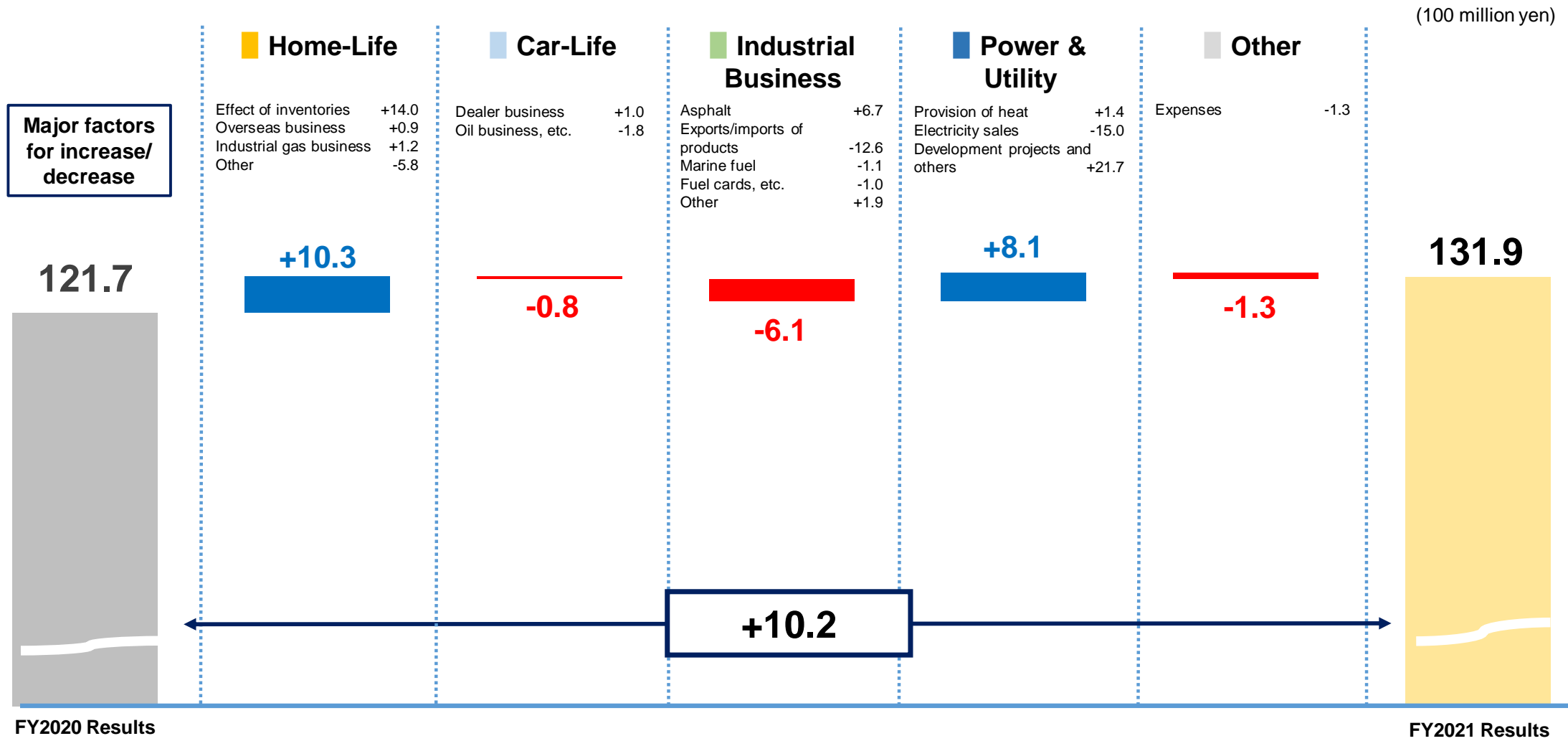
Industrial Business (YoY: -¥600 million, Percent of the plan achieved: 125%)

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: +¥800 million, Percent of the plan achieved: 89%)

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 slightly 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 by Segment

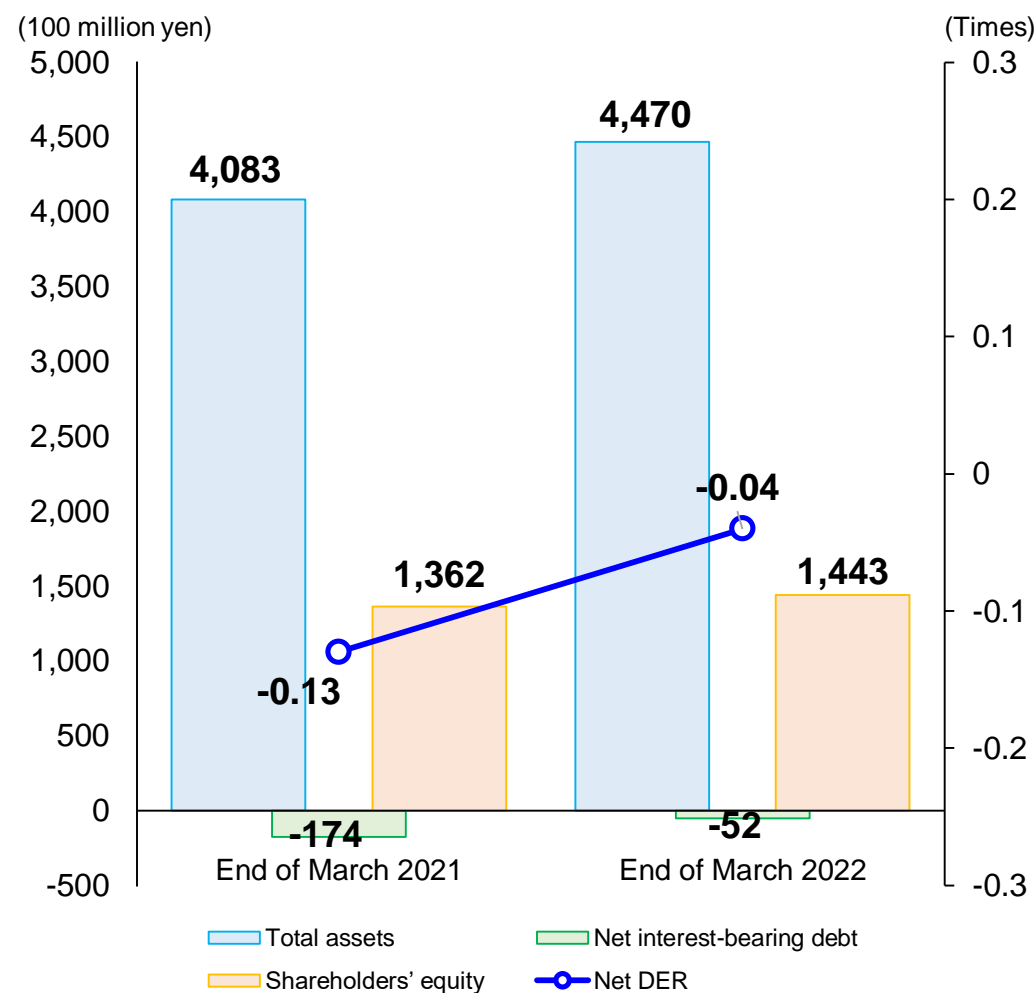


Financial Position

Assets increased as a result of making mega solar power plants the Company's subsidiaries

- Total assets:** Increased 38.7 billion yen from the end of the previous year, to **447.0 billion yen**, reflecting increases in trade receivables/trade payables associated with an increase assets, the result of making solar power plants the Company's subsidiaries and a rise in crude oil and CP prices, among other factors.
- Shareholders' equity:** Increased 8.1 billion yen, to **144.3 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 March 2022 Results	Changes
Total assets	4,083	4,470	+387
Net interest-bearing debt	-174	-52	+122
Shareholders' equity	1,362	1,443	+81
Ratio of shareholders' equity to net assets	33.4%	32.3%	-1.1pt
Net DER	-0.13	-0.04	+0.09



Cash Flows



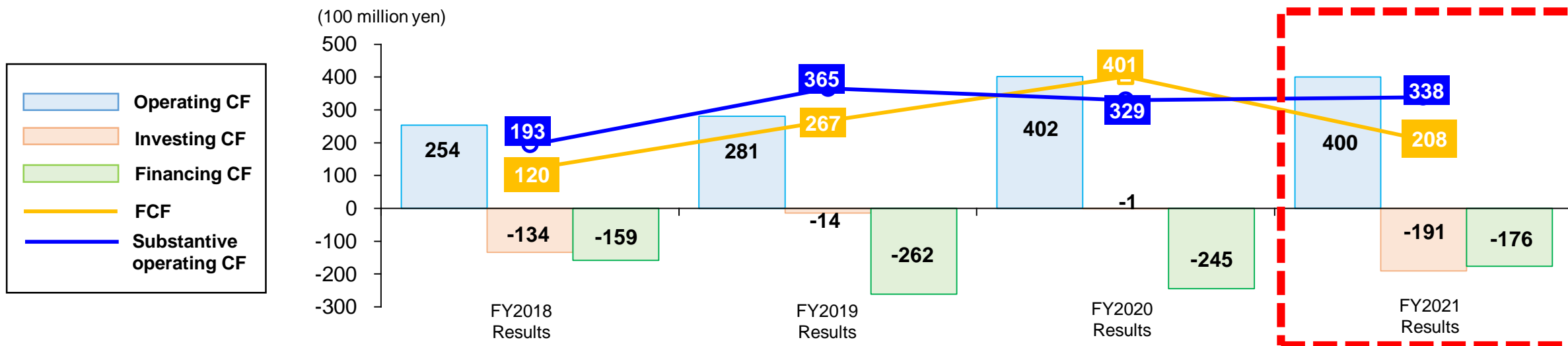
Continued to create ample cash flows from operating activities, and cash outflows due to investment in growth increased

(100 million yen)	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Cash flows from operating activities	254	281	402	400
Cash flows from investing activities	-134	-14	-1	-191
(Free cash flows)	120	267	401	208
Cash flows from financing activities	-159	-262	-245	-176

Substantive cash flows

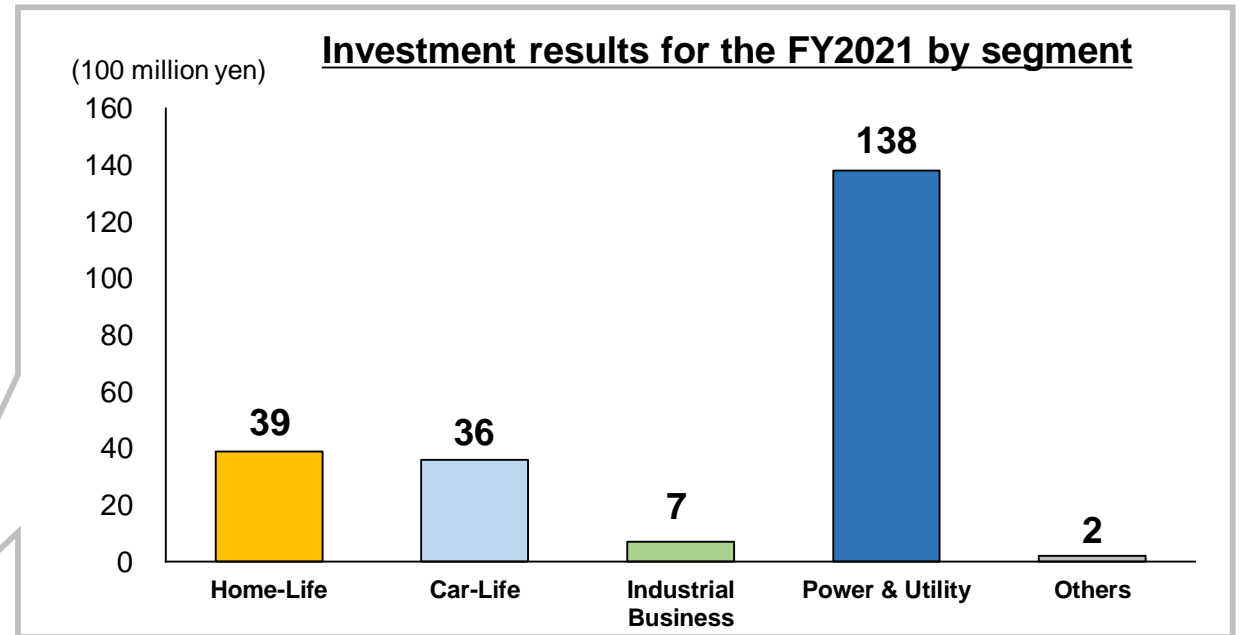
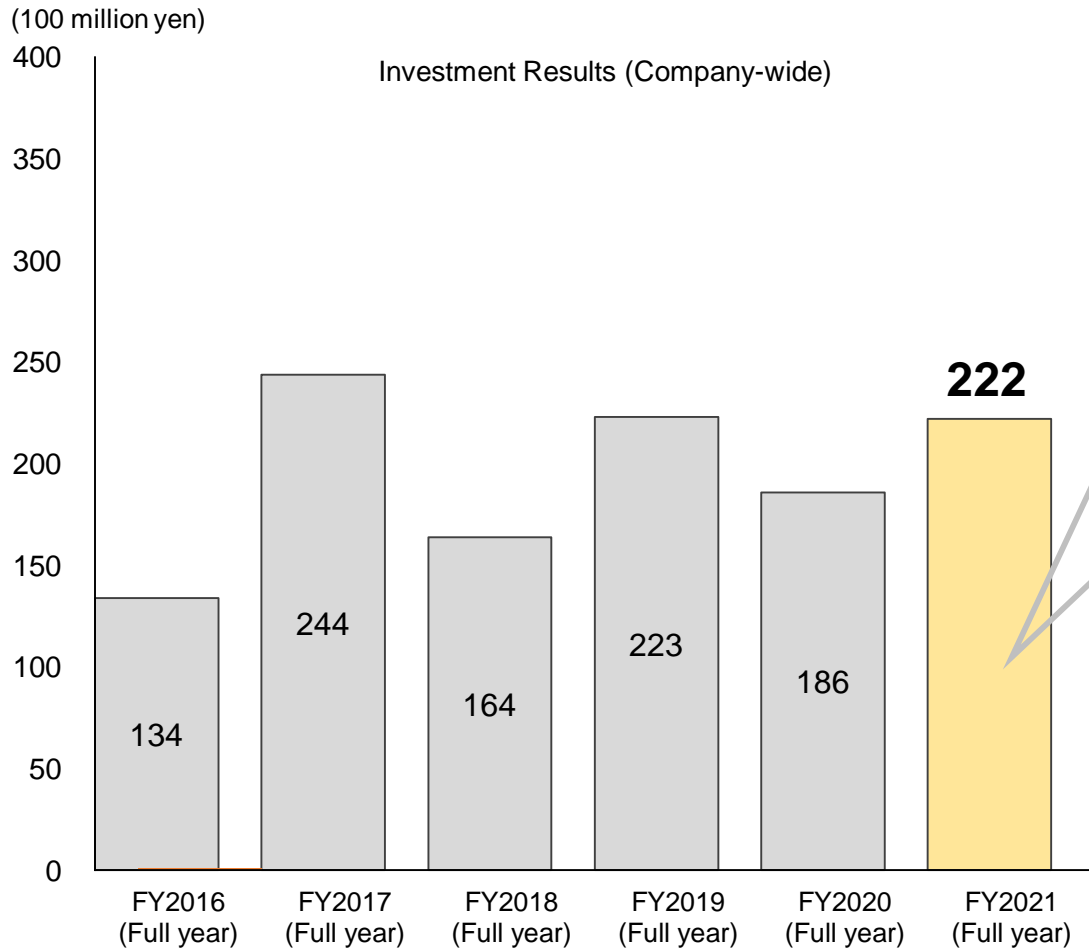
Substantive operating cash flows (*)	193	365	329	338
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(*) Operating CF – Increase/decrease in working capital



Investment Trends

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



Major investment results

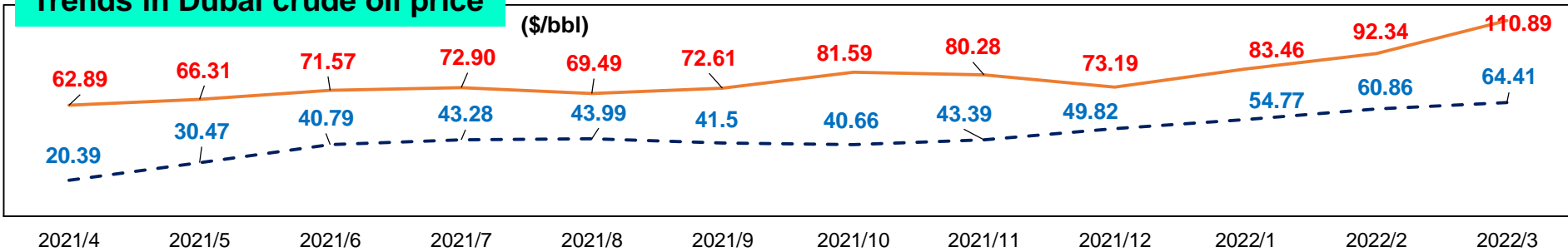
Home-Life	Investment in plant and equipment, acquisition of business rights, etc.
Car-Life	Investment in plant and equipment, etc.
Industrial Business	Investment in plant and equipment, etc.
Power & Utility	Investment in plant and equipment, development projects, etc.
Other	Investment in plant and equipment, etc.

(Reference) Market Trends

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

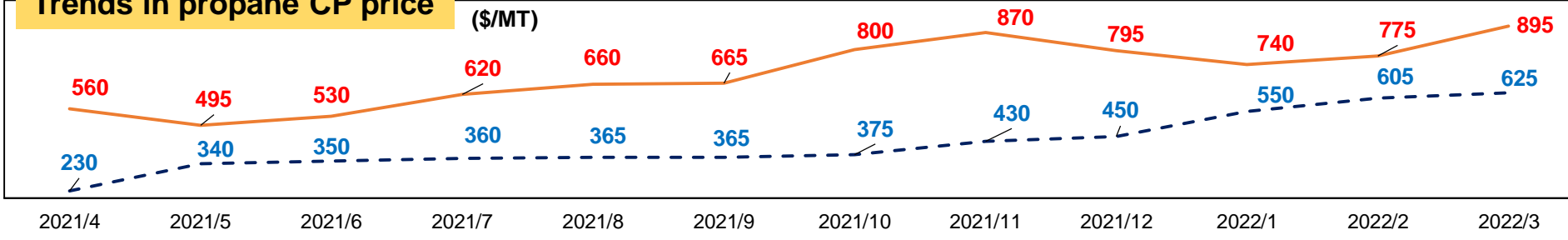
--- Year ago value — Recent value

Trends in Dubai crude oil price



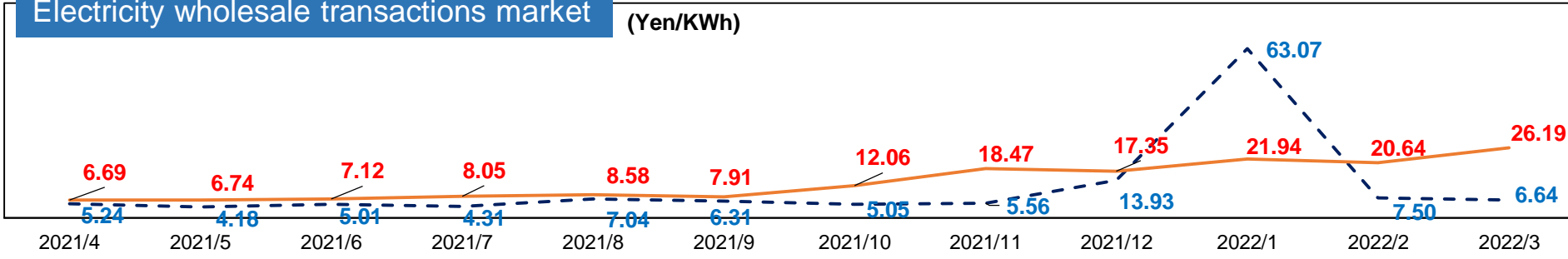
Average price
 78.13
 44.53
 Change from the previous year: +33.6

Trends in propane CP price



Average price
 700
 420
 Change from the previous year: +280

Electricity wholesale transactions market



Average price
 Change from the previous year: +2.23
 13.45
 11.15

Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(2) Overview by Segment

Results by Segment

(100 million yen)		FY2020 Results	FY2021 Results	Changes	Rate of change %	FY2021 Plan	Achievement rate
Company-wide	Net sales	7,391	9,363	+1,972	+26.7	9,000*	104%
	Operating profit	193	209	+16	+8.2	205	102%
	Net profit	122	132	+10	+8.4	125	106%
Home-Life	Net sales	790	940	+150	+19.0	—	—
	Operating profit	16	26	+11	+69.7	—	—
	Net profit	17	28	+10	+59.8	25	110%
Car-Life	Net sales	4,146	5,167	+1,020	+24.6	—	—
	Operating profit	76	77	+1	+0.7	—	—
	Net profit	41	40	-1	-2.0	38	105%
Industrial Business	Net sales	1,608	2,245	+637	+39.6	—	—
	Operating profit	50	47	-3	-6.7	—	—
	Net profit	39	32	-6	-15.7	26	125%
Power & Utility	Net sales	847	1,011	+164	+19.4	—	—
	Operating profit	52	62	+10	+18.4	—	—
	Net profit	27	35	+8	+30.5	39	89%

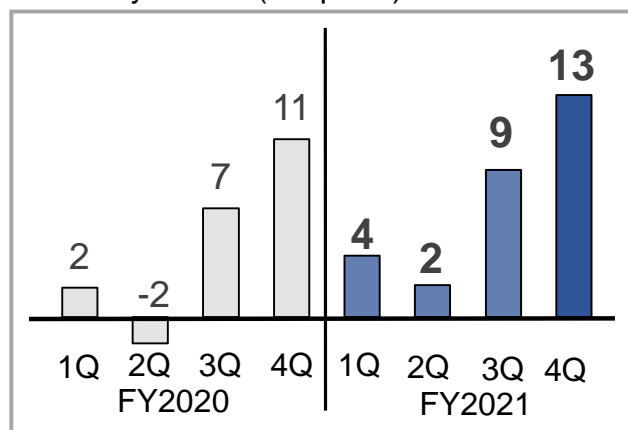
* The full-year consolidated earnings forecast for net sales was revised to 900 billion yen from an initial forecast of 800 billion yen on January 31, 2022.

Home-Life

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

(100 million yen)	FY2020 Results	FY2021 Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	204	217	+13	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 slightly decreased 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.		
Selling, general and administrative expenses	-188	-192	-4			
Operating profit	16	26	+11			
Share of profit (loss) of investments accounted for using the equity method	14	20	+6			
Net profit	17	28	+10			25

Quarterly results (net profit)



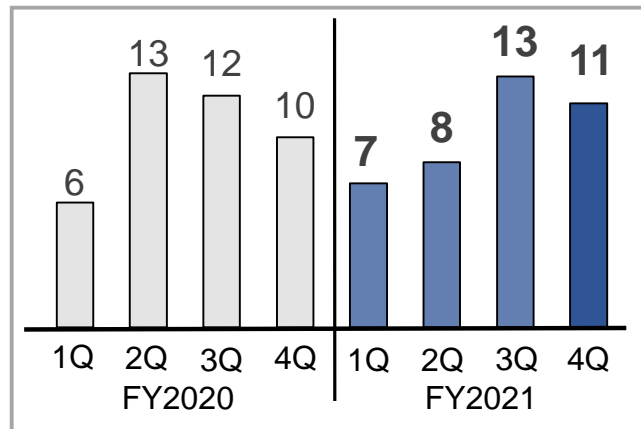
Profit (loss) of major affiliates	FY2020 Results	FY2021 Results	Changes	Number of customers (1,000)	End of March 2021	End of March 2022	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	5	7	+2	Number of customers under direct LP gas supply contracts	552	557	+5
ECORE (The Company's equity 51%)	7	8	+1	Number of customers for electricity retail	109	118	+9
ENEARC (The Company's equity 50%)	7	9	+1	Sales volumes	FY2020 Cumulative results	FY2021 Cumulative results	Changes
				LP gas (thousand tons)	487	474	-3%
				Industrial gas (thousand tons)	65	67	+2%

Car-Life

Profit remained at the level of the previous year due to a decrease in oil retail margins, although the strong performance of the car dealer business contributed.

(100 million yen)	FY2020 Results	FY2021 Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	468	464	-4	The number of filling stations decreased by 51 from the end of the previous fiscal year to 1,636. 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 slightly increased year on year. The number of new cars sold decreased year on year due to the spread of COVID-19 and effect of semiconductor shortages. Profit remained at the level of the previous year overall, given the significant effect of a decrease in retail margins in the CS business, despite a rise in profitability per unit in the car dealer business.		
Selling, general and administrative expenses	-392	-387	+4			
Operating profit	76	77	+1			
Share of profit (loss) of investments accounted for using the equity method	1	1	+0			
Net profit	41	40	-1			38

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2020 Results	FY2021 Results	Changes
ENEX FLEET	20	16	-4
Osaka Car Life Group (The Company's equity 51.95%)	8	9	+1

Sales volumes	FY2020 Results	FY2021 Results	Changes
Gasoline (thousand KL)	1,668	1,686	+1%
Kerosene (thousand KL)	373	353	-6%
Diesel oil (thousand KL)	2,010	2,070	+3%
New cars (thousand units)	25	25	-0%
Used cars (thousand units)	22	20	-7%

Industrial Business

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

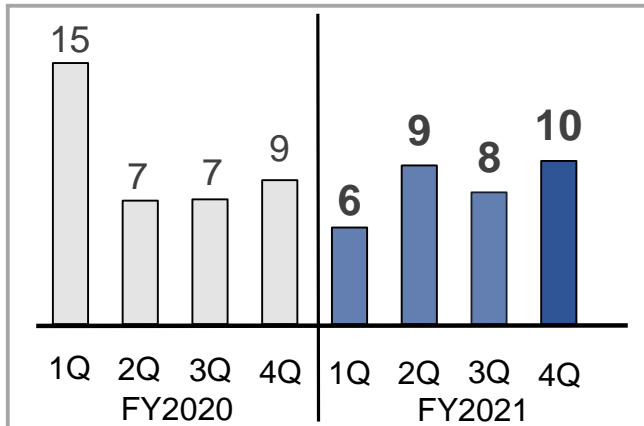
(100 million yen)	FY2020 Results	FY2021 Results	Changes
Gross profit	94	84	-10
Selling, general and administrative expenses	-41	-48	-7
Operating profit	50	47	-3
Share of profit (loss) of investments accounted for using the equity method	1	0	-1
Net profit	39	32	-6

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	125%

Quarterly results (net profit)



Sales volumes	FY2020 Results	FY2021 Results	Changes
Gasoline (thousand KL)	702	808	+15%
Kerosene (thousand KL)	525	512	-2%
Diesel oil (thousand KL)	1,146	1,205	+5%
Heavy fuel oil (thousand KL)	2,241	1,864	-17%
Asphalt (thousand tons)	309	294	-5%

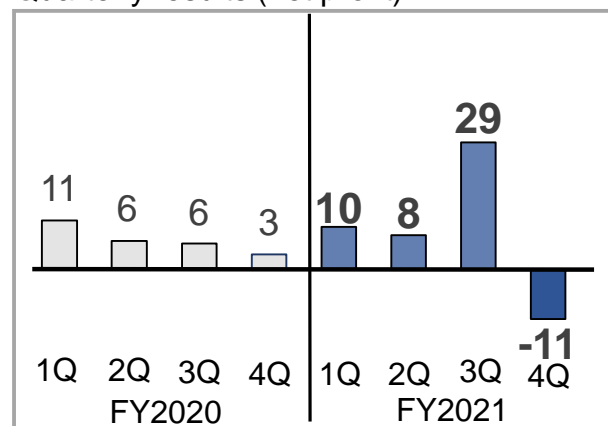
Power & Utility Division

Profit increased due to valuation gains from making mega solar power plants the Company's subsidiaries, despite a decline in electricity retail margins.



(100 million yen)	FY2020 Results	FY2021 Results	Changes	Major factors for increase/ decrease	FY2021 Plan	Achievement rate
Gross profit	103	71	-32	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 slightly declined year on year due to a far lower average temperature in the summer than the year-ago level. Profit increased 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.		
Selling, general and administrative expenses	-50	-51	-1			
Operating profit	52	62	+10			
Share of profit (loss) of investments accounted for using the equity method	2	3	+1			
Net profit	27	35	+8			39

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2020 Results	FY2021 Cumulative results	Changes
ENEX Electric Power Group	12	5	-8
ENEX LIFE SERVICE	4	3	-2
Tokyo Toshi Service Company (The Company's equity 66.6%)	6	7	+2
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	7	5	-3

Sales volumes	FY2020 Results	FY2021 Results	Changes	
Electricity Retail (GWh)*	2,191	2,472	+13%	
Breakdown	Sales of high voltages	1,560	1,781	+14%
	Sales of low voltages	631	691	+10%
Steam (thousand tons)	536	475	-11%	
Heat quantity (TJ)	1,249	1,229	-2%	

* Electricity retail, which has been calculated based on preliminary data, includes agency quantity.
* Actual sales volumes for FY2021, which have been recalculated, are different from those in the previous year's supplementary presentation materials.

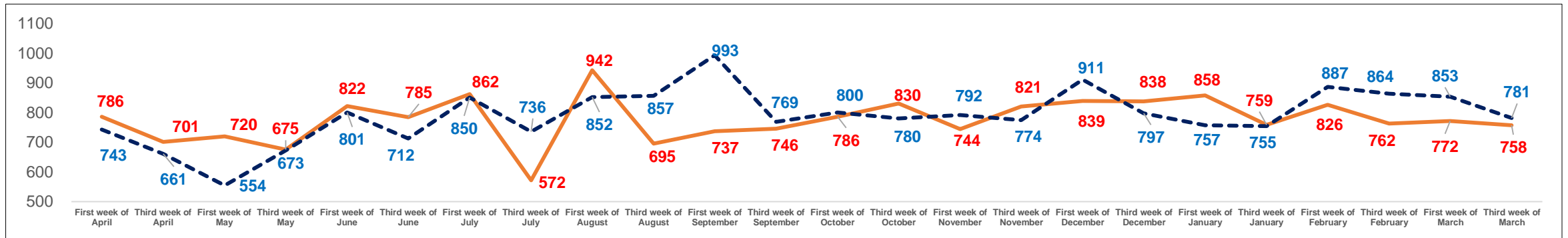
Appendix

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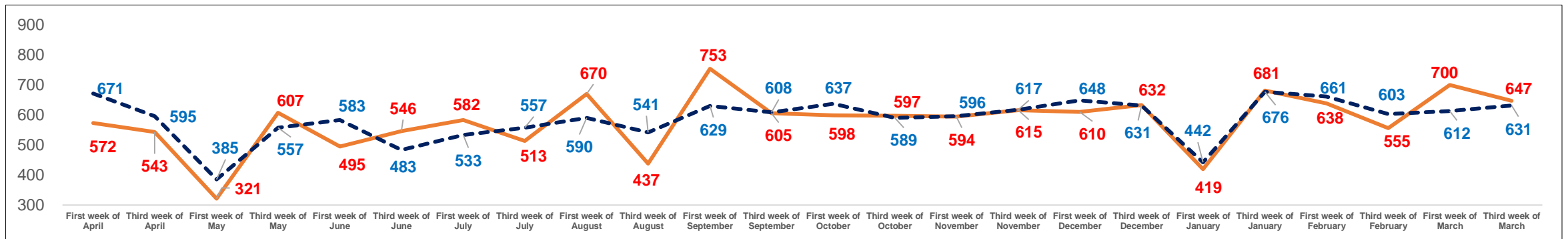
[Reference] Shipments of gasoline and diesel oil in Japan (national statistics)

Weekly shipment volume of gasoline Unit: Thousand kiloliters

--- Year ago value — Recent 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 (March to February, national statistics)

Unit: Thousand tons

	March			April			May			June			July			August		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
For household and business use	749	764	+2%	646	616	-5%	513	522	+2%	454	494	+9%	451	458	+2%	412	405	-2%
For cars	41	31	-24%	29	30	+3%	22	26	+18%	31	30	-3%	37	33	-11%	35	31	-11%
Total	790	795	+1%	675	646	-4%	535	548	+2%	485	524	+8%	488	491	+1%	447	436	-2%

	September			October			November			December			January			February			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
For household and business use	401	442	+10%	526	509	-3%	616	618	+0%	828	849	+3%	813	835	+3%	736	800	+9%	7,145	7,312	+2%
For cars	35	29	-17%	36	33	-8%	33	31	-6%	37	37	-0%	29	30	+3%	27	26	-4%	392	367	-6%
Total	436	471	+8%	562	542	-4%	649	649	+0%	865	886	+2%	842	865	+3%	763	826	+8%	7,537	7,679	+2%

* 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) (April to March, national statistics)

Unit: Thousand units





	April			May			June			July			August			September		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
Standard-sized and compact cars	145	183	+26%	124	166	+34%	182	198	+9%	207	213	+3%	169	176	+4%	252	170	-33%
Kei cars	75	106	+42%	51	96	+89%	102	99	-3%	123	97	-22%	101	88	-13%	138	87	-37%
Total	220	289	+32%	175	262	+50%	284	297	+4%	331	309	-6%	270	264	-2%	391	257	-34%

	October			November			December			January			February			March			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	221	151	-32%	219	189	-14%	211	191	-9%	208	182	-9%	227	185	-19%	329	285	-14%	2,495	2,287	-8%
Kei cars	154	103	-33%	159	133	-16%	136	118	-14%	148	123	-17%	170	141	-17%	229	186	-19%	1,585	1,374	-19%
Total	375	253	-32%	378	322	-15%	347	309	-11%	356	305	-14%	397	326	-18%	558	470	-16%	4,080	3,661	-10%

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

Appendix 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.
 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"> ❑ The number of new cars sold remained at the level of the previous year.

Sales volume (company-wide)

<ul style="list-style-type: none"> ■ Gasoline 2,510,000 KL (+5.2% year on year) 	<ul style="list-style-type: none"> ■ LP gas 485,000 tons (-3.1% year on year) 	<ul style="list-style-type: none"> ■ Electricity Retail 2,472 GWh (+12.8% year on year, including agency quantity)
<ul style="list-style-type: none"> ■ Diesel oil 3,282,000 KL (+3.8% year on year) 	<ul style="list-style-type: none"> ■ Industrial gas 67,000 tons (+2.0% year on year) 	<ul style="list-style-type: none"> ■ New cars 25,000 units (-0.2% year on year)

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