

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

FY2022 Financial Results for First Three Months

July 29, 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 Three Months of FY2022

- **Quarterly net profits** increased 1.8 billion yen to **4.4 billion yen**, up 66.6% year on year.
- Profit increased due to operations in an appropriate response to the market environment, in addition to the steady performance of asphalt, marine fuel, environmental, and other businesses in the Industrial Business.
- The acquisition of new customers and the effect of inventories reflecting a rise in prices of LP gas in Home-Life also contributed to the results.

Net sales

245.4 billion yen (+18.5% year on year)

Operating profit

5.7 billion yen (+31.7% year on year)

Gross profit

22.4 billion yen (+7.4% year on year)

Net profit

4.4 billion yen (+66.6% year on year)

◇ **Overview of Consolidated Financial Results for First Three Months of FY2022**

(1) Overview of the Entire Company

(2) Overview by Segment

◇ **Appendix**

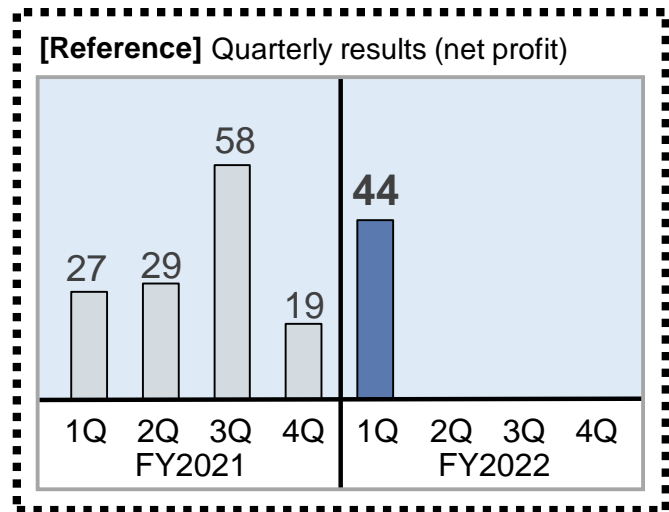
Overview of Consolidated Financial Results for First Three Months of FY2022 (1) Overview of the Entire Company

Summary of Financial Results for 1Q/FY2022

Profit increased due to the steady performance of the Industrial Business and the acquisition of new customers and effect of inventories in Home-Life.

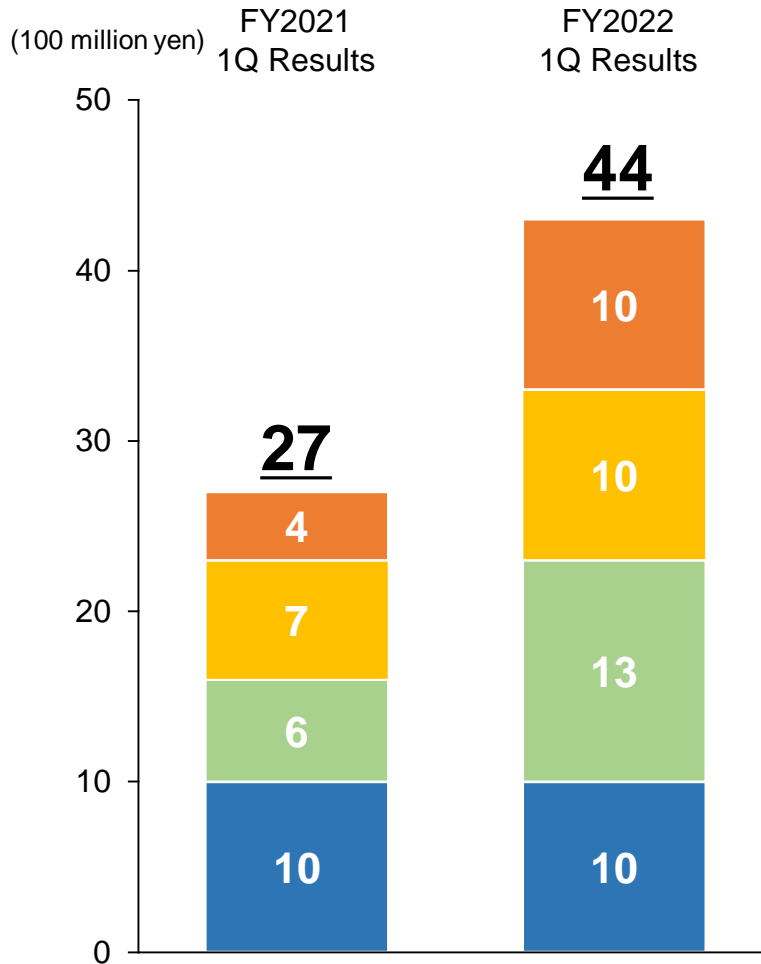
(100 million yen)	FY2021 1Q Results	FY2022 1Q Results	Changes	FY2022 Plan	Achievement rate
Net sales	2,070	2,454	+384	10,000	25%
Gross profit	208	224	+15		
Selling, general and administrative expenses	-166	-167	-1		
Operating profit	43	57	+14	194	29%
Share of profit (loss) of investments accounted for using the equity method	5	13	+8		
Net profit	27	44	+18	130	34%
Ratio of SG&A expenses to gross profit	79.8%	74.7%	-5.1pt		

- Quarterly net profits increased 1.8 billion yen to 4.4 billion yen, up 66.6% year on year. Profit increased due to operations in an appropriate response to the market environment, in addition to the steady performance of asphalt, marine fuel, environmental, and other businesses in the Industrial Business. The acquisition of new customers and the effect of inventories reflecting a rise in prices of LP gas in Home-Life also contributed to the results.
- The ratio of SG&A expenses to gross profit improved significantly to 74.7%, down 5.1% year on year.
- The annual dividend is planned to be 48 yen (interim dividend of 24 yen and year-end dividend of 24 yen).



Net Profit by Segment

Profit increased due to the steady performance of the Industrial Business and the acquisition of new customers and effect of inventories in Home-Life.



Major factors for increase/ decrease

Home-Life (YoY: +¥700 million, Percent of the plan achieved: 40%)

Profit increased due in part to acquisition of new customers and the effect of inventories reflecting a rise in prices of LP gas.

Car-Life (YoY: +¥300 million, Percent of the plan achieved: 25%)

Profit increased due to steady retail margins in the CS business.

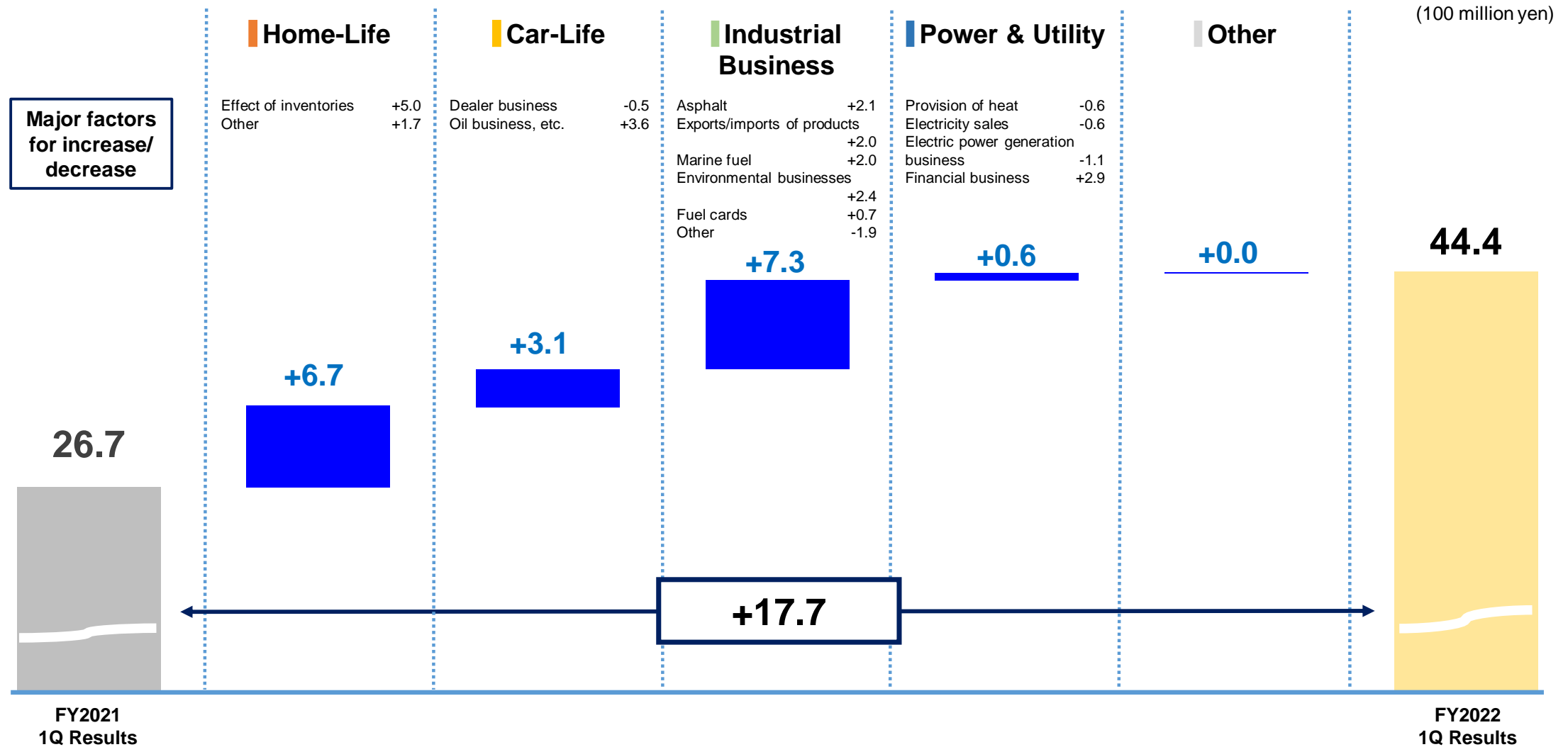
Industrial Business (YoY: +¥700 million, Percent of the plan achieved: 46%)

Profit increased due to operations in appropriate response to the market environment in addition to the steady performance of marine fuel, asphalt, products for the environmental business, and others.

Power & Utility (YoY: +¥100 million, Percent of the plan achieved: 28%)

Profit remained unchanged year on year due in part to contribution of a subsidiary in the financial business, despite the impact of surging resource prices.

Analysis of Net Profit by Segment

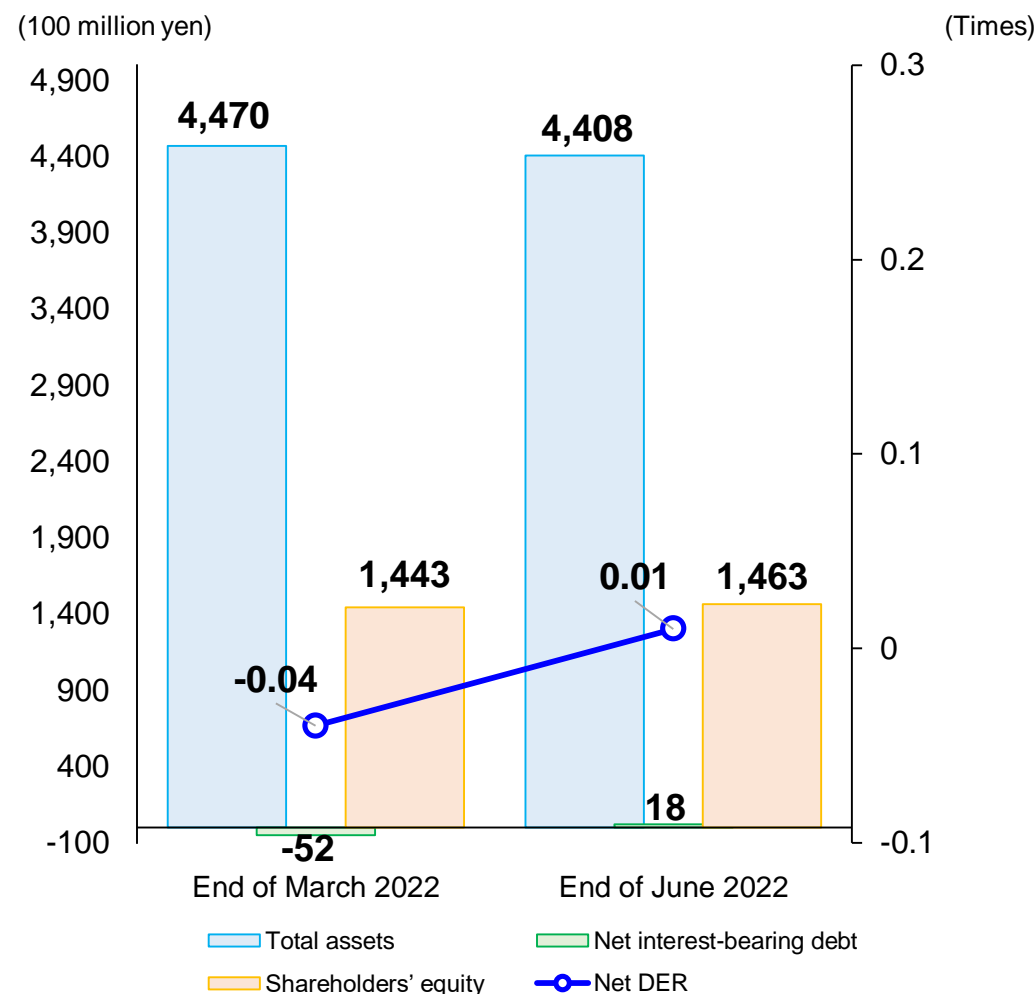


Financial Position

Trade receivables/trade payables decreased due in part to seasonal factors.

- Total assets:** Decreased **6.2 billion yen** from the end of the previous year due to decreases in trade receivables/trade payables and came to **440.8 billion yen**.
- Shareholders' equity:** Increased 2.0 billion yen from the end of the previous year to **146.3 billion yen**, mainly reflecting a rise in net profit.
- Net DER:** Net DER increased by 0.05 from the end of the previous fiscal year, to **0.01**, due to an increase in debt that resulted from issuance of CP.

	(100 million yen)		
	End of March 2022 Results	End of June 2022 Results	Changes
Total assets	4,470	4,408	-62
Net interest-bearing debt	-52	18	+70
Shareholders' equity	1,443	1,463	+20
Ratio of shareholders' equity to net assets	32.3%	33.2%	+0.9pt
Net DER	-0.04	0.01	+0.05



Cash Flows

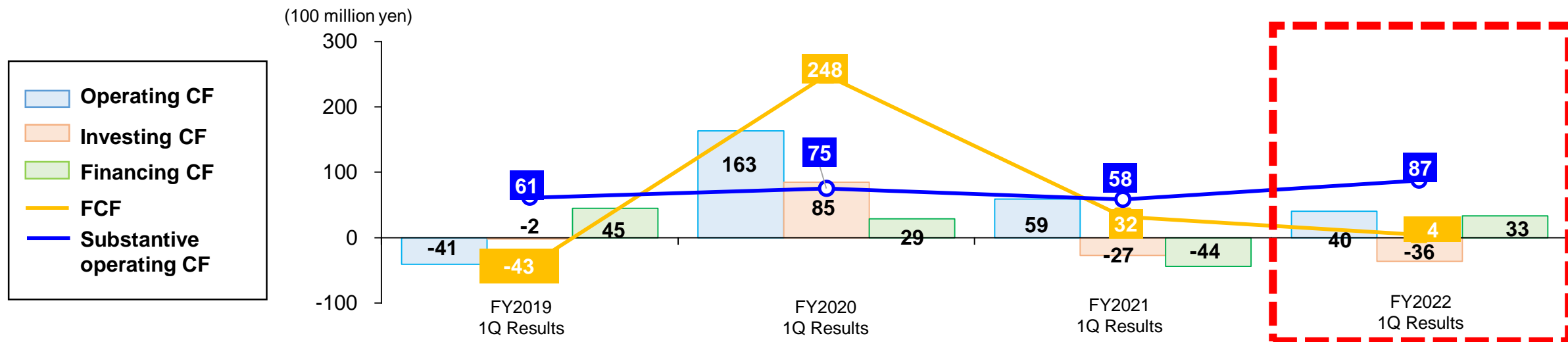
Continued to create ample cash flows from operating activities, and made investments

Cash Flows	FY2019 1Q Results	FY2020 1Q Results	FY2021 1Q Results	FY2022 1Q Results
Cash flows from operating activities	-41	163	59	40
Cash flows from investing activities	-2	85	-27	-36
(Free cash flows)	-43	248	32	4
Cash flows from financing activities	45	29	-44	33

Substantive cash flows

Substantive operating cash flows (*)	61	75	58	87
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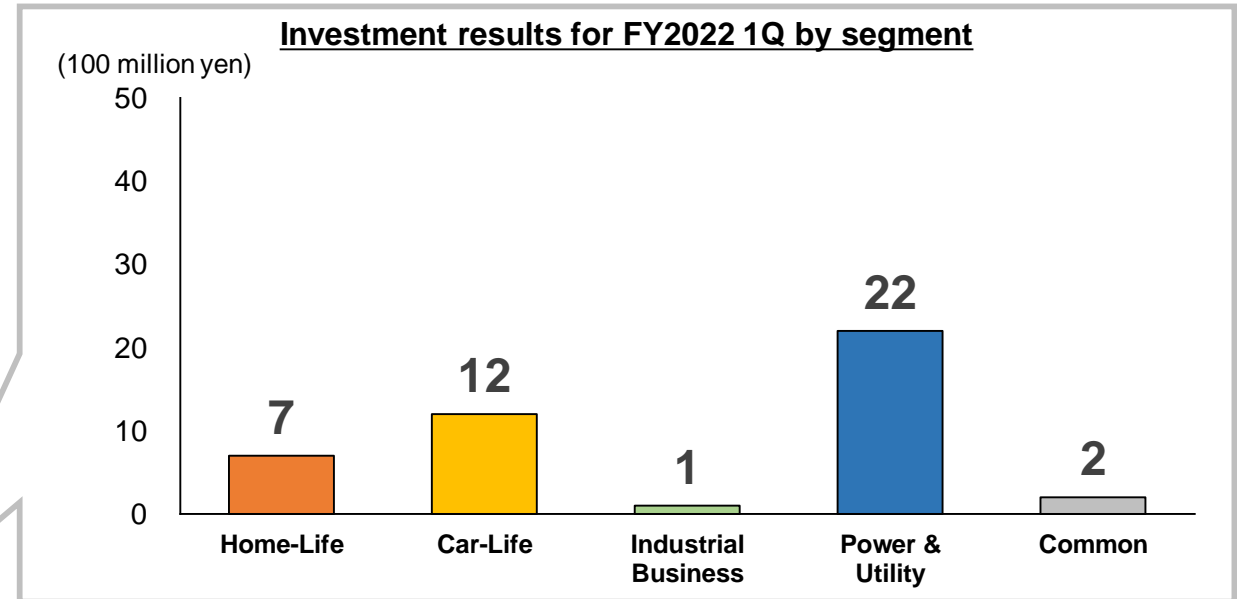
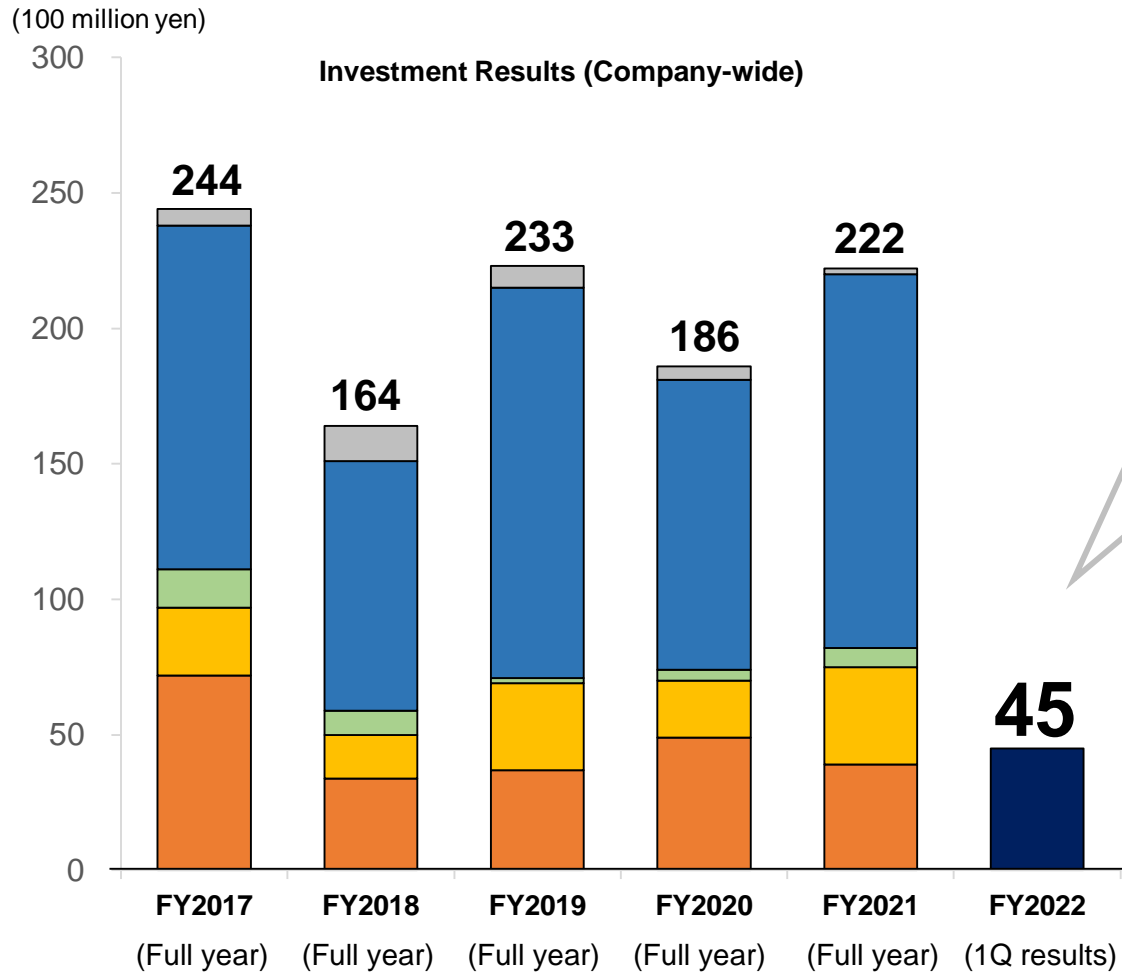
(*) Operating CF – Increase/decrease in working capital



Investment Trends

Investments in maintenance of plant and equipment were started.

Growth investments focused on Power & Utility Division are planned in 2Q or later.



Major investment results

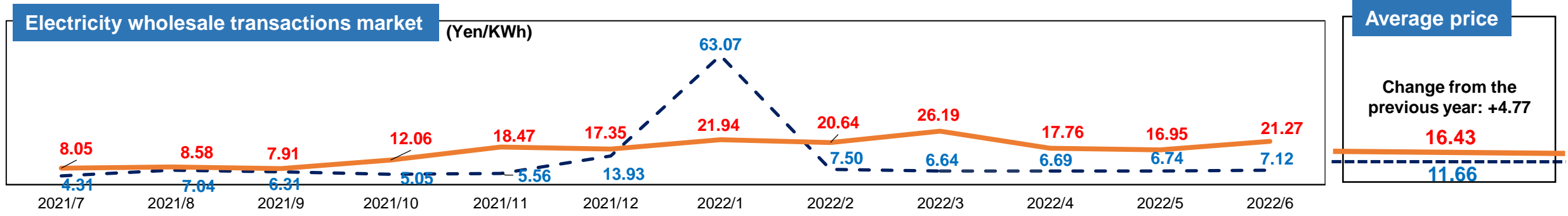
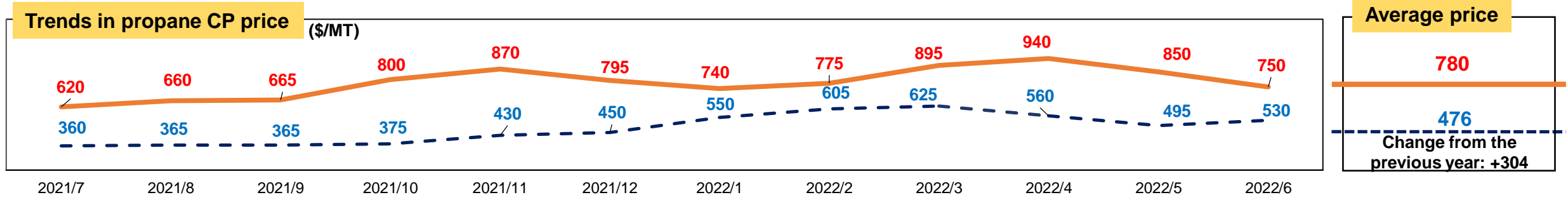
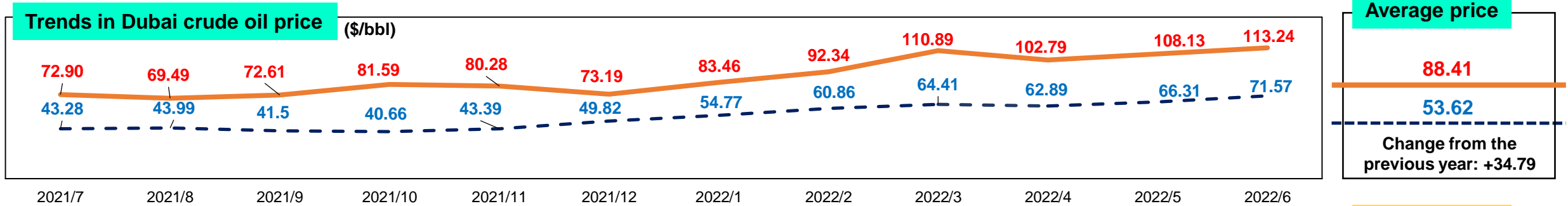
Home-Life	Acquisition of business rights, renovation of LPG filling stations, LPWA(*), etc.
Car-Life	Renovation of CS and dealer stores, investment in auction business, etc.
Industrial Business	Oil terminal renovation, etc.
Power & Utility	Heat provision facilities and solar power plants, etc.
Common	Digitization-related, etc.

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

(Reference) Market Trends

Crude oil prices continued to rise. CP and power prices remained at a high level.

— Most recent 1 year (Jul. 2021 - Jun. 2022) - - - - Year ago value



Overview of Consolidated Financial Results for First Three Months of FY2022

(2) Overview by Segment

Results by Segment

(100 million yen)

		FY2021 1Q Results	FY2022 1Q Results	Changes	Rate of change %	FY2022 Plan	Achievement rate
Company-wide	Net sales	2,070	2,454	+384	+18.5%	10,000	25%
	Operating profit	43	57	+14	+31.7%	194	29%
	Net profit	27	44	+18	66.6%	130	34%
Home-Life	Net sales	180	220	+39	+21.8%	—	—
	Operating profit	3	5	+2	+58.0%	—	—
	Net profit	4	10	+7	+184.1%	26	40%
Car-Life	Net sales	1,199	1,299	+100	+8.3%	—	—
	Operating profit	15	18	+3	+17.5%	—	—
	Net profit	7	10	+3	+41.7%	42	25%
Industrial Business	Net sales	511	711	+200	+39.1%	—	—
	Operating profit	8	19	+11	+142.3%	—	—
	Net profit	6	13	+7	+128.5%	28	46%
Power & Utility	Net sales	179	224	+45	+25.1%	—	—
	Operating profit	16	14	-2	-12.2%	—	—
	Net profit	10	10	+1	+6.3%	37	28%

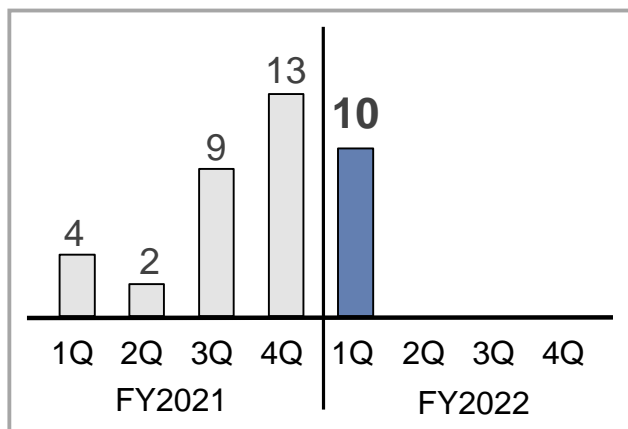
Home-Life

Profit increased due in part to the acquisition of new customers and the effect of inventories reflecting a rise in prices of LP gas.

	FY2021 1Q Results	FY2022 1Q Results	Changes	Major factors for increase/ decrease (Net profit)	FY2022 Plan	Achievement rate
Gross profit	51	50	-1	The number of customers under direct contract rose 8,000 from the end of the previous fiscal year, to approx. 565,000, reflecting stepped up activities to acquire new customers and business rights. For LP gas sales volume, demand for gas business and gas for automobile use were recovering. However, the overall sales volume remained unchanged from the year-ago level due to a decline in demand for gas for household use reflecting the rebound from the demand driven by those refraining from going out in the previous fiscal year. Profit increased due in part to acquisition of new customers and the effect of inventories reflecting a rise in prices of LP gas.		
Selling, general and administrative expenses	-48	-46	+2			
Operating profit	3	5	+2			
Share of profit (loss) of investments accounted for using the equity method	3	9	+6			
Net profit	4	10	+7			26

(100 million yen)

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 1Q Results	FY2022 1Q Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	1	1	+0
ECORE (The Company's equity 51%)	2	2	+0
ENEARC (The Company's equity 50%)	1	1	-0

Number of customers (1,000)

	End of March 2022	End of June 2022	Changes
Number of customers under direct LP gas supply contracts	557	565	+8
Number of customers for electricity retail	118	119	+1

Sales volumes

	FY2021 1Q Results	FY2022 1Q Results	Changes
LP gas (thousand tons)	108	107	-1%
Industrial gas (thousand tons)	16	17	+3%

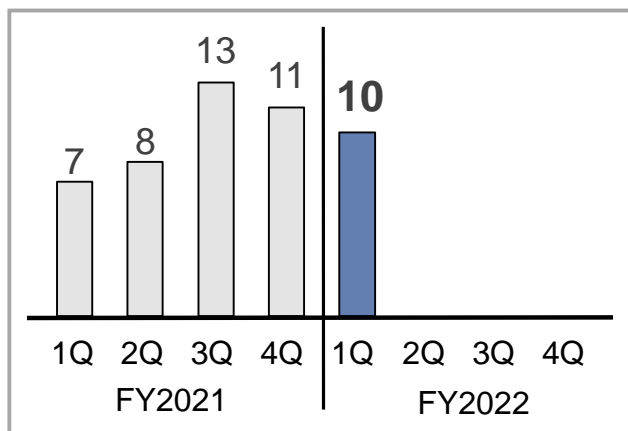
Car-Life

Profit increased due to steady retail margins in the CS business.

(100 million yen)

	FY2021 1Q Results	FY2022 1Q Results	Changes	Major factors for increase/ decrease (Net profit)	FY2022 Plan	Achievement rate
Gross profit	112	114	2	<p>The number of filling stations remained unchanged from the end of the previous fiscal year, at 1,636. The sales volume of oil products remained unchanged year on year. The number of cars sold decreased year on year due to a decline in vehicle production reflecting semiconductor shortage.</p> <p>Profit increased due to steady retail margins in the CS business.</p>		
Selling, general and administrative expenses	-97	-98	-0			
Operating profit	15	18	+3			
Share of profit (loss) of investments accounted for using the equity method	0	0	-0			
Net profit	7	10	+3			

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 1Q Results	FY2022 1Q Results	Changes
ENEX FLEET	3	6	+2
Osaka Car Life Group (The Company's equity 51.95%)	2	2	-0

Sales volumes

	FY2021 1Q Results	FY2022 1Q Results	Changes
Gasoline (thousand KL)	510	515	+1%
Kerosene (thousand KL)	79	68	-14%
Diesel oil (thousand KL)	544	548	+1%
New cars (thousand units)*	6.8	5.8	-15%
Used cars (thousand units)	5.8	4.8	-16%

* FY2021 1Q result for new cars is different from that in the presentation material for the first three months of the previous fiscal year due to a change to the calculation method.

Industrial Business



Profit increased due to operations in an appropriate response to the market environment, in addition to the steady performance of each business.

	FY2021 1Q Results	FY2022 1Q Results	Changes
Gross profit	18	32	+14
Selling, general and administrative expenses	-9	-10	-1
Operating profit	8	19	+11
Share of profit (loss) of investments accounted for using the equity method	0	0	-0
Net profit	6	13	+7

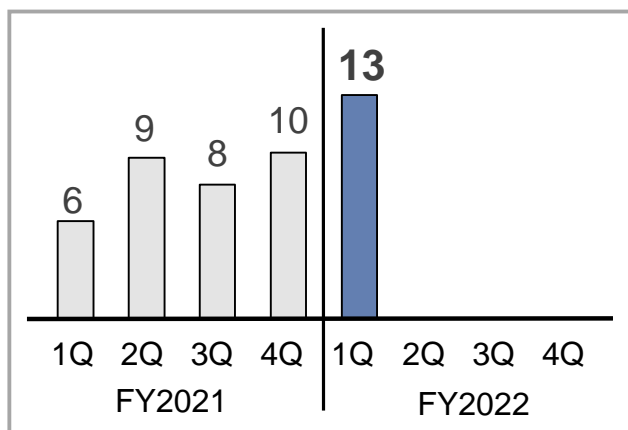
Major factors for increase/ decrease (Net profit)

In the marine fuel business, sales of heavy oil for ocean going vessels remained strong. The sales volume of corporate fleet refueling cards increased year on year, reflecting activities to find new customers. The customer base in each business was expanded through initiatives including appropriate sales prices set in response to the supply demand environment of various products. Profit increased due to operations in appropriate response to the market environment, in addition to the steady performance of each business.

(100 million yen)

FY2022 Plan	Achievement rate
28	46%

Quarterly results (net profit)



<u>Sales volumes</u>	FY2021 1Q Results	FY2022 1Q Results	Changes
Gasoline (thousand KL)*	111	89	-20%
Kerosene (thousand KL)*	34	37	+10%
Diesel oil (thousand KL)	216	211	-2%
Heavy fuel oil (thousand KL)	379	479	+26%
Asphalt (thousand tons)	58	58	-1%

Power & Utility Division

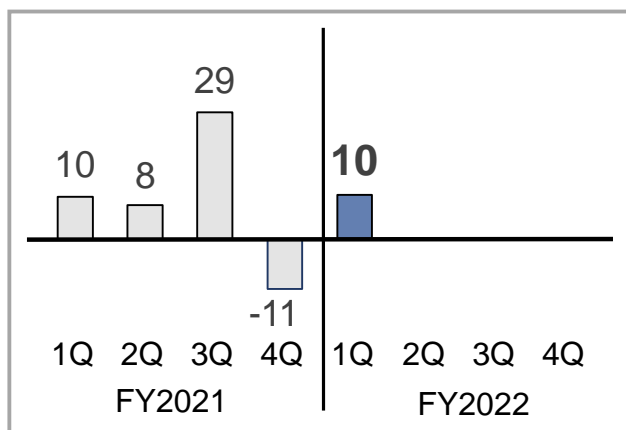
Profit remained unchanged year on year due in part to the contribution of a subsidiary in the financial business, despite the impact of surging resource prices.



(100 million yen)

	FY2021 1Q Results	FY2022 1Q Results	Changes	Major factors for increase/ decrease (Net profit)	FY2022 Plan	Achievement rate
Gross profit	27	28	+1	Among electricity retail sales, new contracts for both low-voltage power for individual use and that for corporate use were won, but the overall sales volume decreased year on year due to profitable sales of high-voltage power. 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. Profit remained unchanged year on year due in part to the contribution of a subsidiary in the financial business, despite the impact of surging resource prices.	37	28%
Selling, general and administrative expenses	-13	-14	-2			
Operating profit	16	14	-2			
Share of profit (loss) of investments accounted for using the equity method	2	4	+2			
Net profit	10	10	+1			

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 1Q Results	FY2022 1Q Results	Changes
ENEX Electric Power Group	3	2	-1
ENEX LIFE SERVICE	1	0	-1
Tokyo Toshi Service Company (The Company's equity 66.6%)	3	2	-1
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	2	1	-1

Sales volumes

	FY2021 1Q Results	FY2022 1Q Results	Changes	
Electricity Retail (GWh)*	542	485	-11%	
Breakdown	Sales of high voltages*	394	334	-15%
	Sales of low voltages*	147	151	+3%
Steam (thousand tons)	130	116	-11%	
Heat quantity (TJ)	237	245	+3%	

* Calculated based on preliminary values

* Electricity retail includes agency quantity.

Appendix

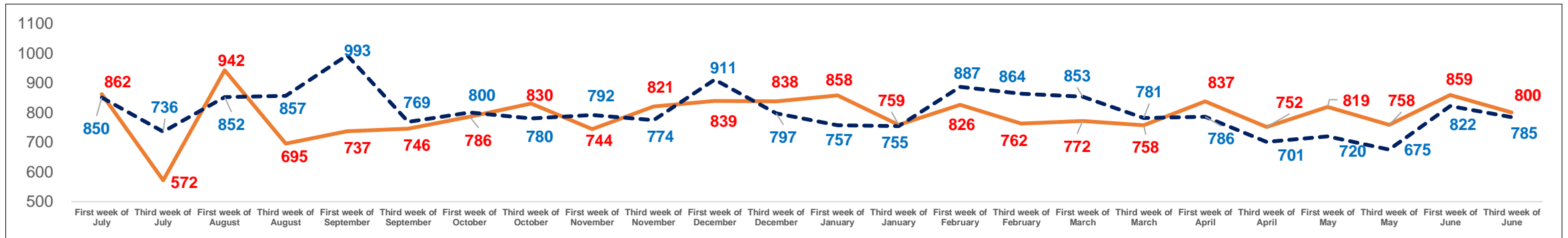
Appendix

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

Weekly shipment volume of gasoline

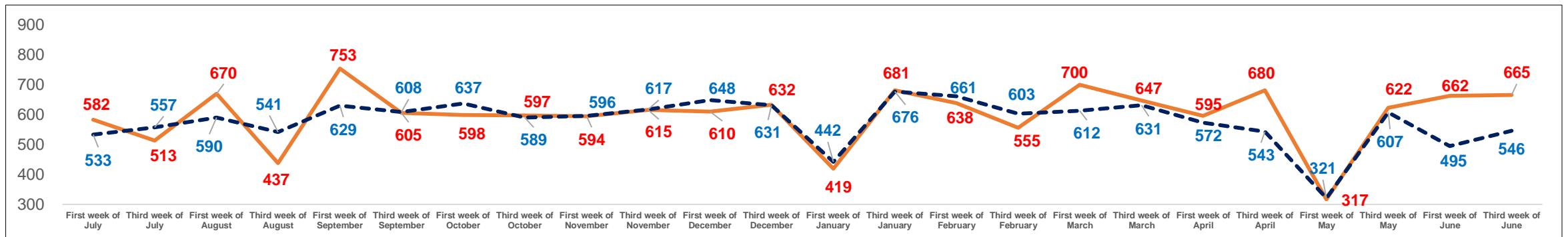
Unit: Thousand kiloliters

— Most recent 1 year (Jul. 2021 - Jun. 2022) - - - - - 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 (June to May, national statistics)

Unit: Thousand tons

	June			July			August			September			October			November		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
For household and business use	454	494	+9%	451	458	+2%	412	405	-2%	401	442	+10%	526	509	-3%	616	618	+0%
For cars	31	30	-3%	37	33	-11%	35	31	-11%	35	29	-17%	36	33	-8%	33	31	-6%
Total	485	524	+8%	488	491	+1%	447	436	-2%	436	471	+8%	562	542	-4%	649	649	+0%

	December			January			February			March			April			May			Total		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	Year ago value	Most recent 1 year	Changes
For household and business use	828	849	+3%	813	835	+3%	736	800	+9%	764	806	+5%	616	621	+1%	522	529	+1%	7,139	7,366	+3%
For cars	37	37	-0%	29	30	+3%	27	26	-4%	31	31	-0%	30	31	+3%	26	30	+15%	387	372	-4%
Total	865	886	+2%	842	865	+3%	763	826	+8%	795	837	+5%	646	652	+1%	548	559	+2%	7,526	7,738	+3%

* 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) (July to June, national statistics)

Unit: Thousand units

	July			August			September			October			November			December		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes
Standard-sized and compact cars	207	213	+3%	169	176	+4%	252	170	△33%	221	151	△32%	219	189	△14%	211	191	△9%
Kei cars	123	97	△22%	101	88	△13%	138	87	△37%	118	80	△33%	118	103	△13%	105	89	△15%
Total	331	309	△6%	270	264	△2%	391	257	△34%	340	230	△32%	337	292	△13%	315	280	△11%

	January			February			March			April			May			June			Total		
	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	2020	2021	Changes	Year ago value	Most recent 1 year	Changes
Standard-sized and compact cars	208	182	△9%	227	185	△19%	329	285	△14%	183	154	△16%	166	136	△18%	198	170	△14%	2,592	2,199	△15%
Kei cars	116	91	△22%	135	105	△22%	181	142	△22%	106	91	△15%	96	75	△21%	99	98	△0%	1,436	1,146	△20%
Total	325	272	△16%	362	290	△20%	510	426	△16%	288	244	△15%	262	212	△19%	297	268	△10%	4,027	3,345	△17%

* 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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