

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

FY2022 Financial Results for First Nine Months

January 31, 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

Overview of Consolidated Financial Results for First Nine Months of FY2022

- **Quarterly net profits** decreased 0.5 billion yen year on year, to **10.8 billion yen**. However, the result was strong, as in the third quarter of the previous fiscal year, exceeding 10.0 billion yen.
- The Industrial Business was very strong.
- Profit decreased due to the impact of rising resources prices in the Power & Utility Business and the rebound from the valuation gains from making mega solar power plants subsidiaries of the Company.

Net sales

763.0 billion yen (+16.1% year on year)

Operating profit

17.0 billion yen (-5.5% year on year)

Gross profit

67.1 billion yen (+6.2% year on year)

Net profit

10.8 billion yen (-4.7% year on year)

- ◇ **Overview of Consolidated Financial Results for First Nine Months of FY2022**
 - (1) Overview of the Entire Company
 - (2) Overview by Segment
- ◇ **Appendix**

Overview of Consolidated Financial Results for First Nine Months of FY2022

(1) Overview of the Entire Company

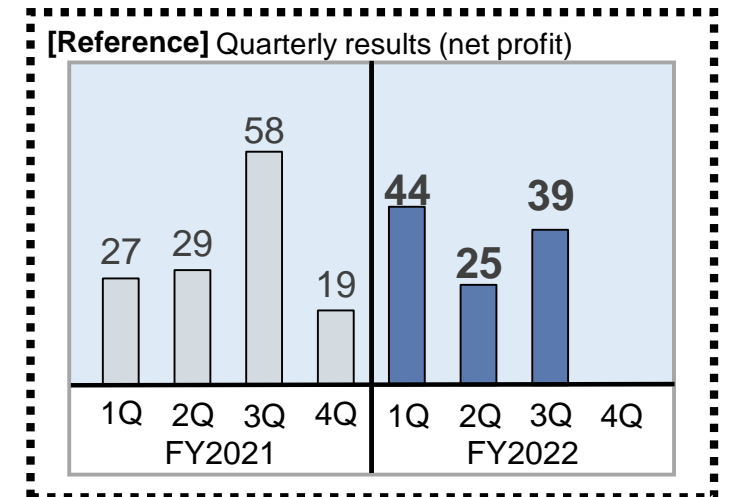
Summary of Financial Results for the First Nine Months of FY2022



The Industrial Business was strong, but profit decreased given a rebound from the valuation gains from making mega solar power plants subsidiaries of the Company.

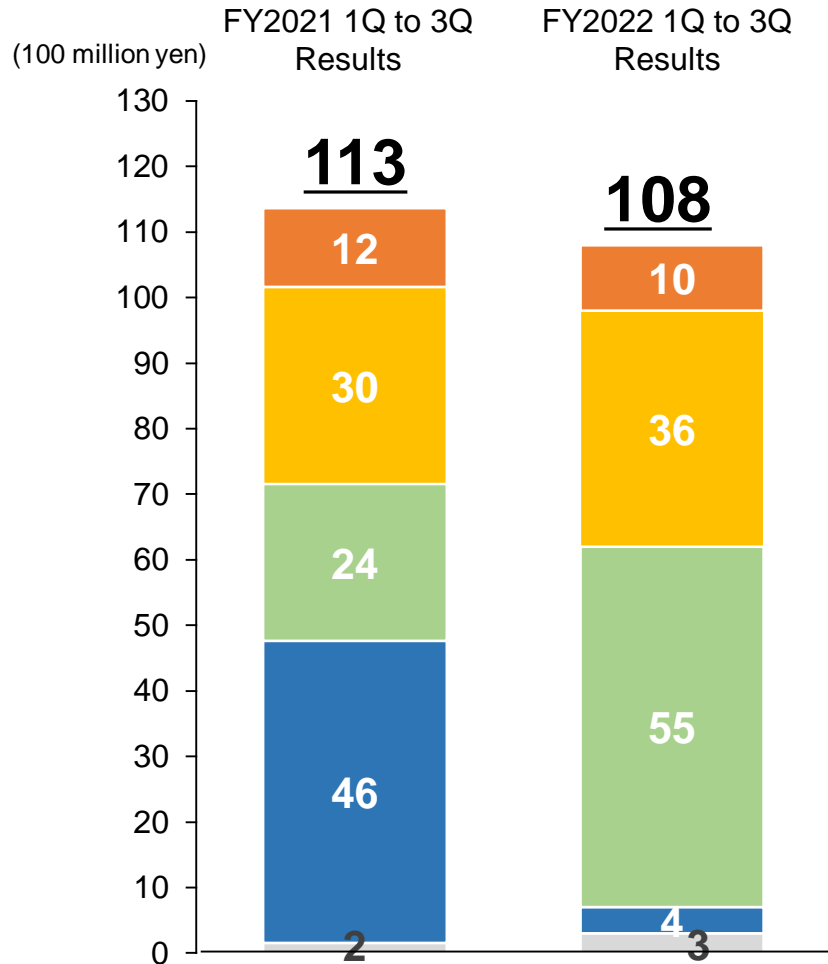
(100 million yen)	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes	FY2022 Plan	Achievement rate
Net sales	6,570	7,630	+1,060	10,000	76%
Gross profit	632	671	+39		
Selling, general and administrative expenses	-498	-502	-4		
Operating profit	179	170	-10	194	87%
Share of profit (loss) of investments accounted for using the equity method	16	16	+0		
Net profit	113	108	-5	130	83%
Ratio of SG&A expenses to gross profit	78.9%	74.8%	-4.1 pt		
Dividends (yen/share)	23	24	+1		

- ❑ **Quarterly net profits** decreased 0.5 billion yen year on year, to **10.8 billion yen**. However, the result was strong, as in the third quarter of the previous fiscal year, exceeding 10.0 billion yen.
- ❑ The Industrial Business was very strong.
- ❑ Profit decreased due to the impact of rising resources prices in the Power & Utility Business and the rebound from the valuation gains from making mega solar power plants subsidiaries of the Company.



Net Profit by Segment

The Industrial Business was strong, but profit decreased given a rebound from the valuation gains from making mega solar power plants subsidiaries of the Company.

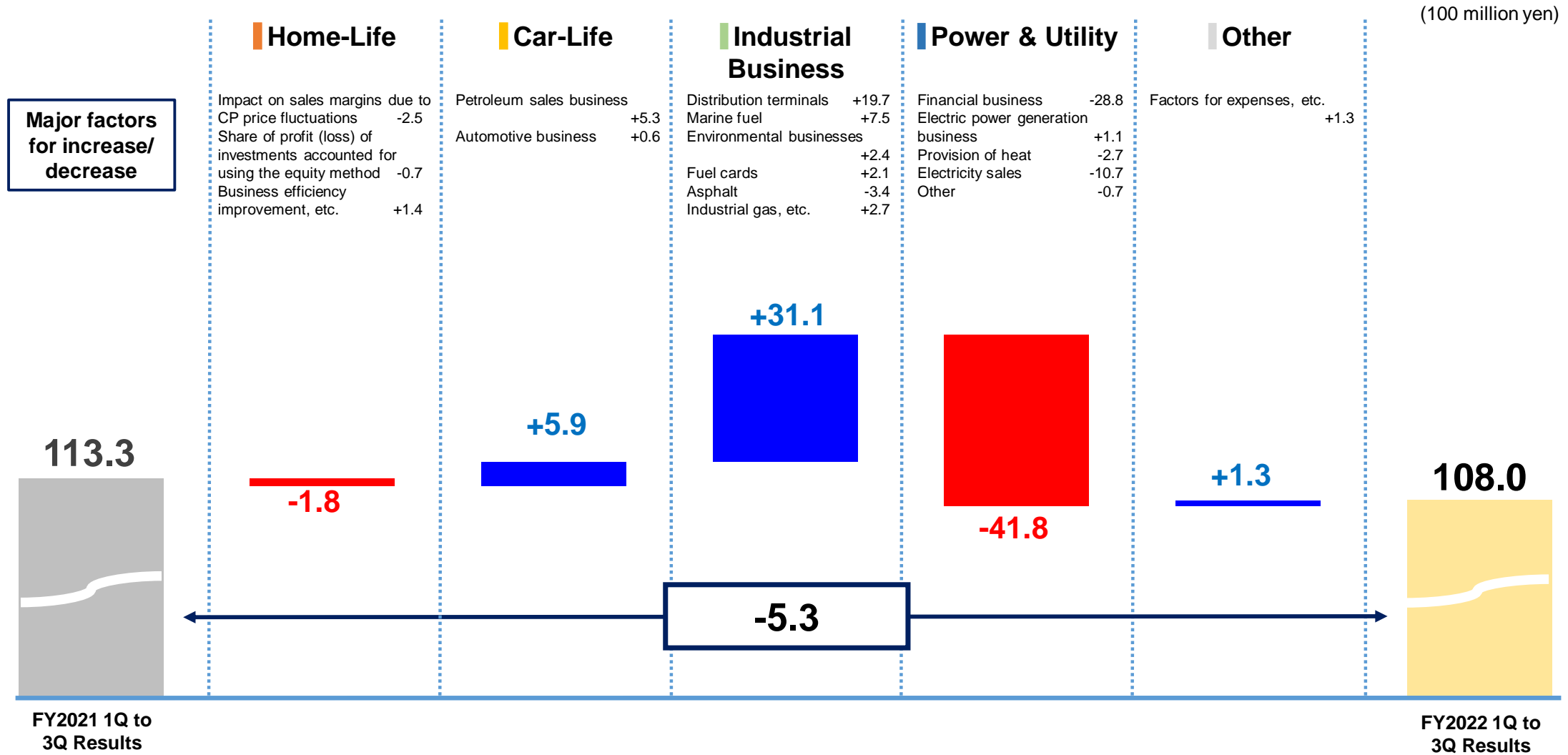


Major factors for increase/decrease

- Home-Life (YoY: -¥200 million, Percent of the plan achieved: 38%)**
 Profit decreased mainly due to the narrower margin on sales that resulted from lower LP gas import prices.
- Car-Life (YoY: +¥600 million, Percent of the plan achieved: 85%)**
 Profit increased with the steady performance of the CS* retailing business and higher gross profit per unit in the dealer business.
- Industrial Business (YoY: +¥3,100 million, Percent of the plan achieved: 197%)**
 Profit increased due to improved import costs, mainly reflecting futures, in addition to the steady performance of each business.
- Power & Utility (YoY: -¥4,200 million, Percent of the plan achieved: 11%)**
 Profit decreased due to a decline in electricity retail margins and the rebound from the valuation gains from making mega solar power plants subsidiaries of the Company.

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

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

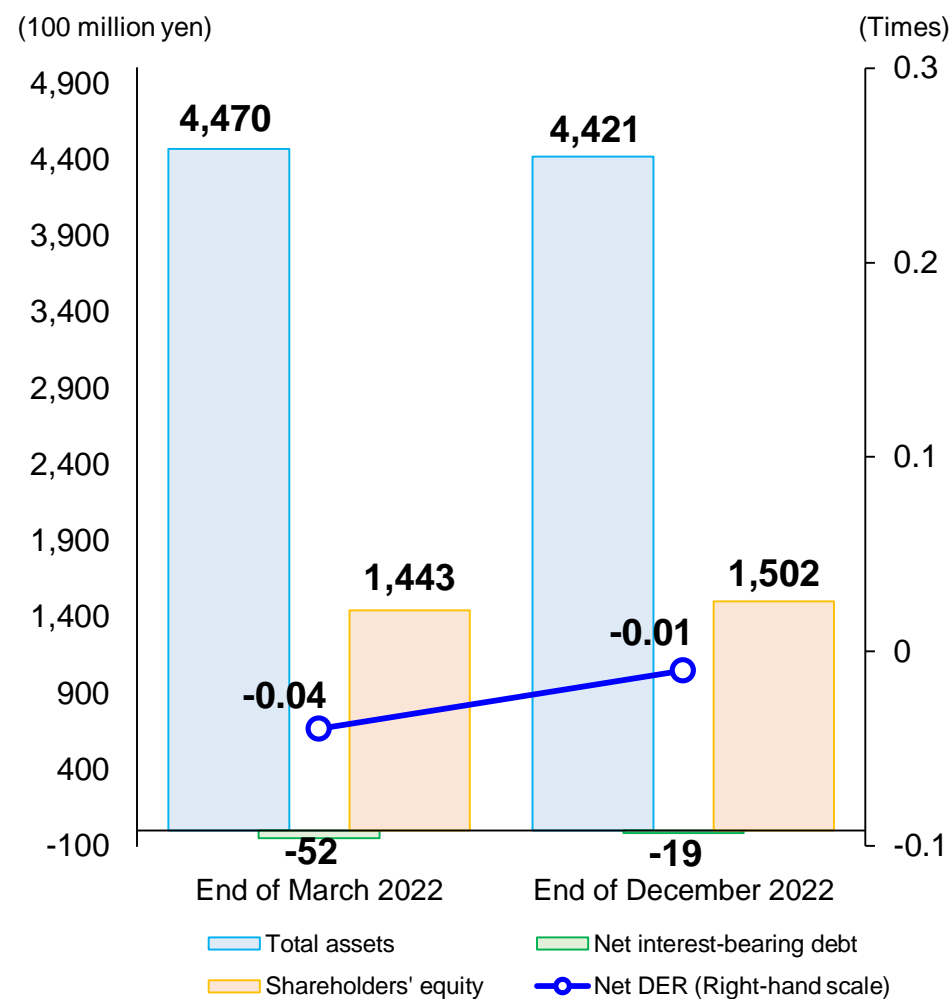


Financial Position

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

- **Total assets:** Decreased **4.9** billion yen from the end of the previous year due to decreases in trade receivables/trade payables and came to **442.1** billion yen.
- **Shareholders' equity:** Increased **5.9** billion yen from the end of the previous year to **150.2** billion yen, mainly reflecting a rise in net profit.
- **Net DER:** Net DER increased by 0.03 from the end of the previous year, to **-0.01**, reflecting a decrease in working capital due to seasonal factors.

	(100 million yen)		
	End of March 2022 Results	End of December 2022 Results	Changes
Total assets	4,470	4,421	-49
Net interest-bearing debt	-52	-19	+33
Shareholders' equity	1,443	1,502	+59
Ratio of shareholders' equity to net assets	32.3%	34.0%	+1.7pt
Net DER	-0.04	-0.01	+0.03



Cash Flows

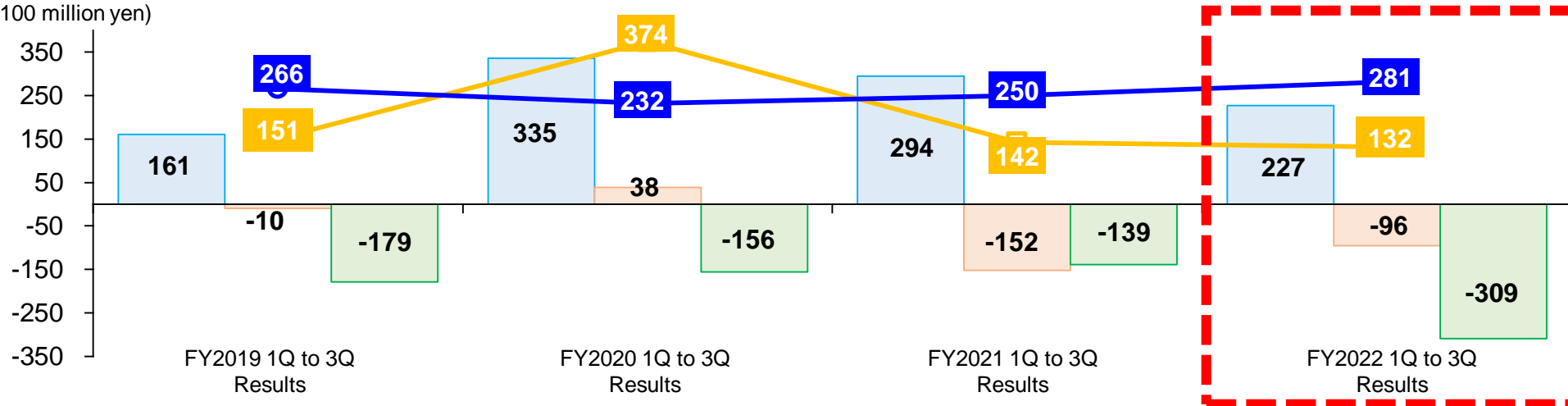
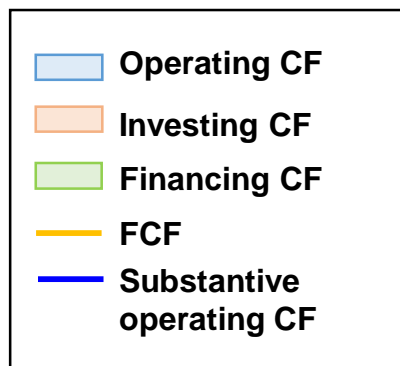
Continued to create ample cash flows from operating activities. Cash flows from financing activities decreased mainly due to repayments of bonds and borrowings.

Cash Flows	FY2019 1Q to 3Q Results	FY2020 1Q to 3Q Results	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results
Cash flows from operating activities	161	335	294	227
Cash flows from investing activities	-10	38	-152	-96
(Free cash flows)	151	374	142	132
Cash flows from financing activities	-179	-156	-139	-309

Substantive cash flows

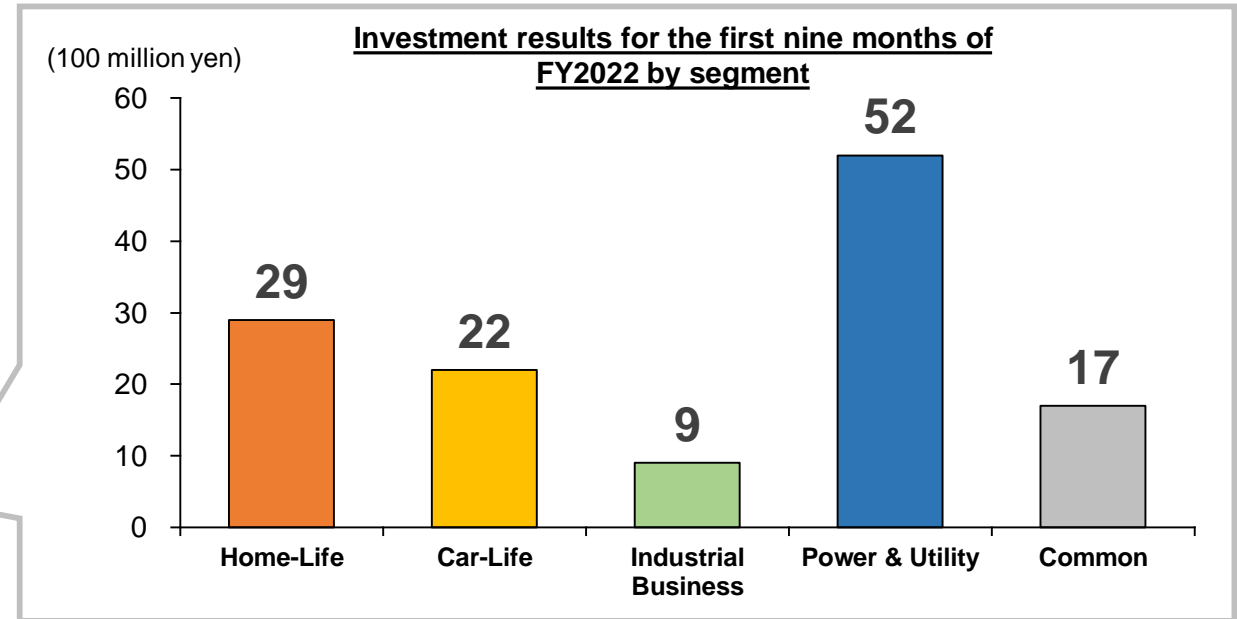
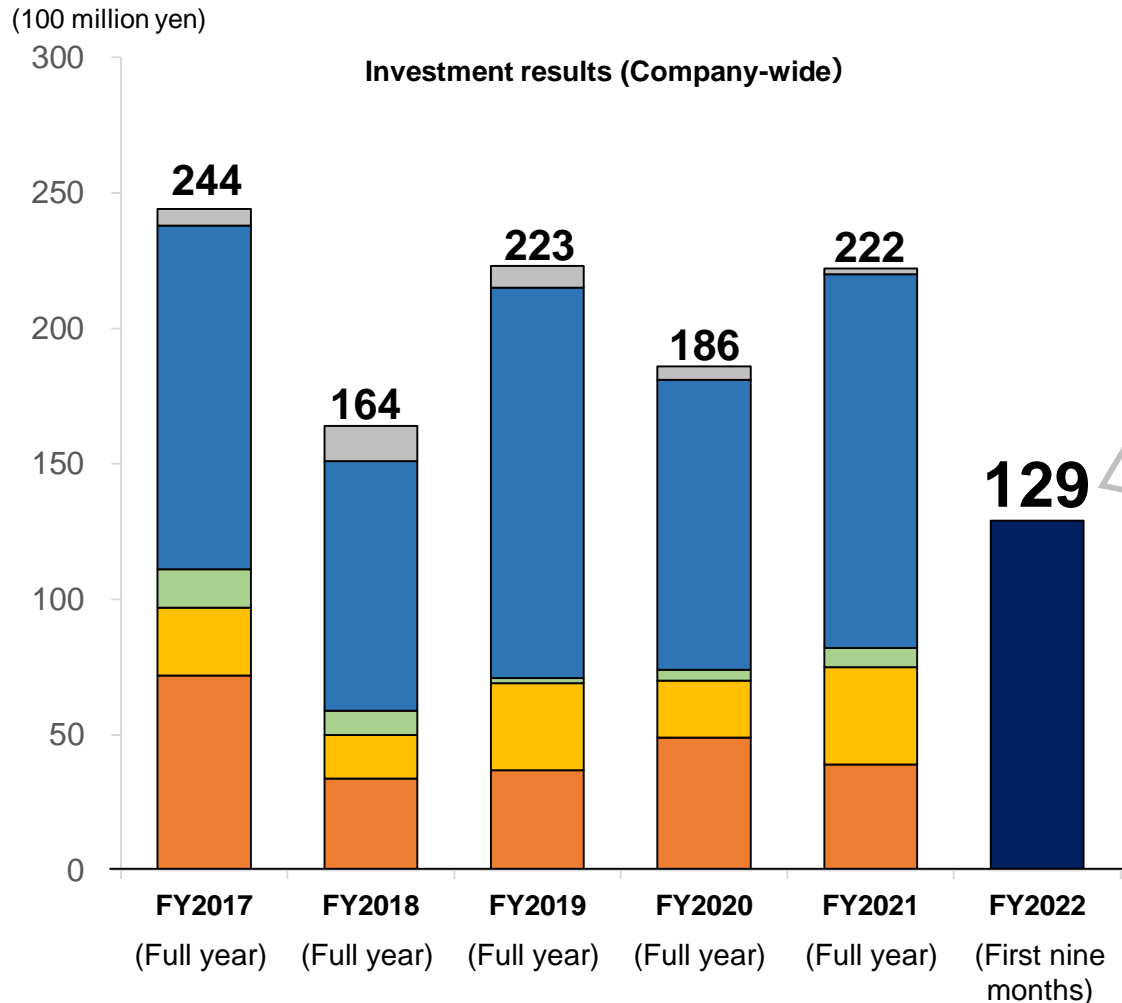
Substantive operating cash flows (*)	266	232	250	281
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(*) Operating CF – Increase/decrease in working capital
(100 million yen)



Investment Trends

The reinforcement of foundations was carried out steadily.
Working on growth investment projects.



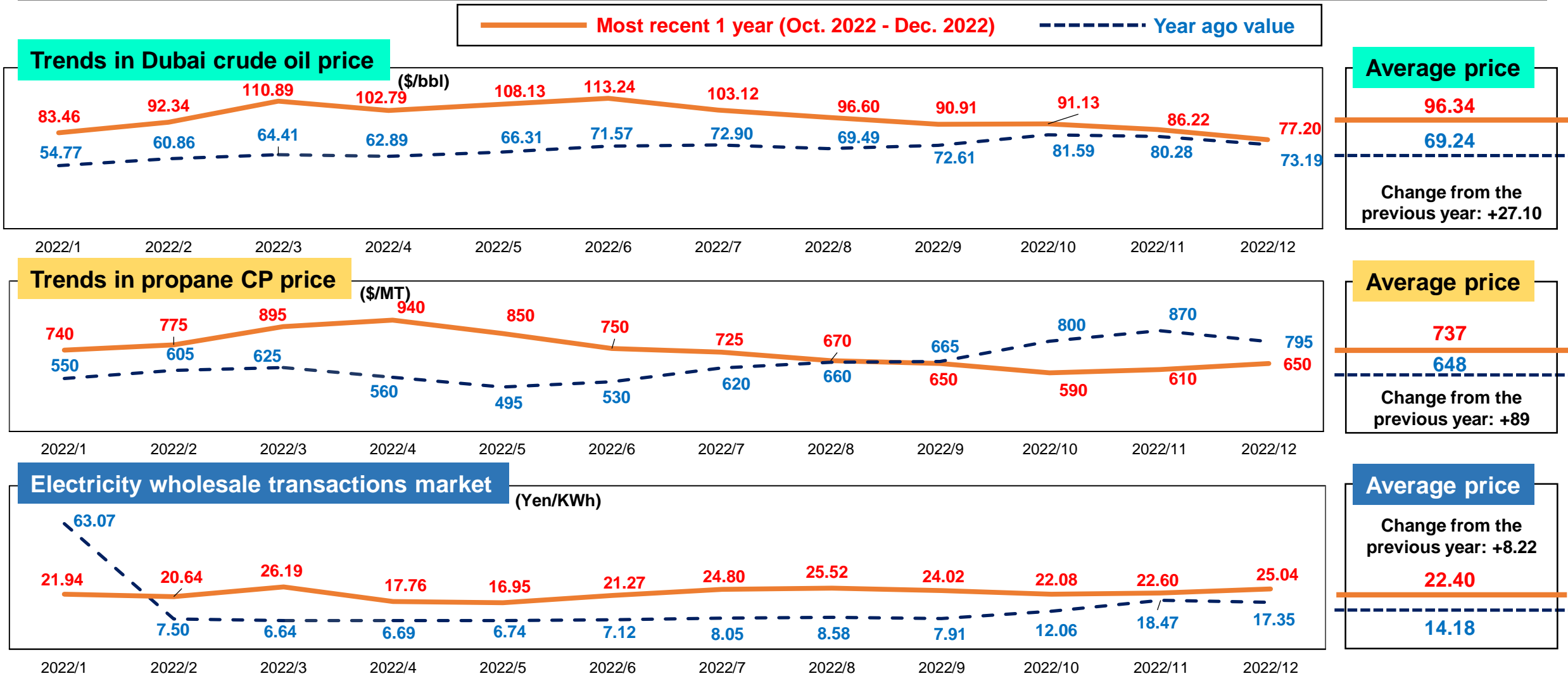
Major investment results

Home-Life	Acquisition of business rights, renovation of LPG filling stations, LPWA(*), etc.
Car-Life	Investment in the auction business, the renovation of CS and dealer stores, etc.
Industrial Business	Oil terminal renovation, etc.
Power & Utility	Solar and hydro power plants, heat supply facilities, etc.
Common	Rebuilding core systems, etc.

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

(Reference) Market Trends

Crude oil prices were on a downward trend. CP prices were at a lower level compared to the beginning of the fiscal year while power prices remained at a high level.



Overview of Consolidated Financial Results for First Nine Months of FY2022

(2) Overview by Segment

Results by Segment

(100 million yen)

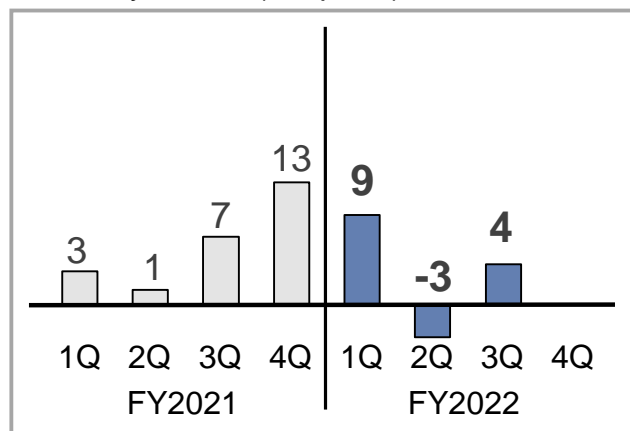
		FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes	Rate of change %	FY2022 Plan	Achievement rate
Company-wide	Net sales	6,570	7,630	+1,060	+16.1%	10,000	76%
	Operating profit	179	170	-10	-5.5%	194	87%
	Net profit	113	108	-5	-4.7%	130	83%
Home-Life	Net sales	543	586	+42	+7.8%	—	—
	Operating profit	10	6	-4	-43.0%	—	—
	Net profit	12	10	-2	-15.6%	26	38%
Car-Life	Net sales	3,914	4,169	+255	+6.5%	—	—
	Operating profit	58	67	+9	+16.2%	—	—
	Net profit	30	36	+6	+20.0%	42	85%
Industrial Business	Net sales	1,457	1,997	+540	+37.0%	—	—
	Operating profit	34	80	+46	+136.7%	—	—
	Net profit	24	55	+31	+129.1%	28	197%
Power & Utility	Net sales	655	878	+223	+34.0%	—	—
	Operating profit	74	11	-63	-84.7%	—	—
	Net profit	46	4	-42	-90.9%	37	11%

Home-Life

Profit decreased mainly due to the narrower margin on sales that resulted from lower LP gas import prices.

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes	Major factors for increase/decrease (Net profit)	(100 million yen)	
					FY2022 Plan	Achievement rate
Gross profit	136	126	-10	The number of customers under direct contract rose approx. 11,000 from the end of the previous fiscal year, to approx. 568,000, reflecting stepped up activities to acquire new customers and business rights. LP gas sales volume decreased year on year because of the average temperature, which was higher than the year-ago level, as well as the tendency to reduce consumption in the face of rising prices. Profit decreased mainly due to narrower margins on sales that resulted from lower LP gas import prices.		
Selling, general and administrative expenses	-127	-122	+6			
Operating profit	10	6	-4			
Profit (losses) of investments accounted for using the equity method	12	11	-1			
Net profit	12	10	-2			26

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	3	3	-0
ECORE (The Company's equity 51%)	5	3	-2
ENEARC (The Company's equity 50%)	3	3	+0

Number of customers (1,000)

	End of March 2022	End of December 2022	Changes
Number of customers under direct LP gas supply contracts	557	568	+11
Number of customers for electricity retail	118	118	+0

Sales volumes

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
LP gas (thousand tons)	317	311	-2%

Car-Life

Profit increased with the steady performance of the CS retailing business and higher gross profit per unit in the dealer business.



(100 million yen)

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
Gross profit	350	360	+10
Selling, general and administrative expenses	-293	-296	-3
Operating profit	58	67	+9
Profit (losses) of investments accounted for using the equity method	1	0	-0
Net profit	30	36	+6

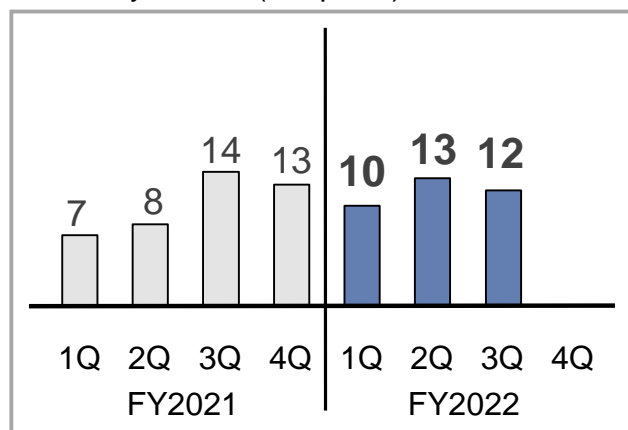
Major factors for increase/decrease (Net profit)

The number of CS decreased by 23 from the end of the previous fiscal year to 1,613. The sales volume of oil products increased slightly year on year. The number of cars sold decreased year on year, reflecting a decline in vehicle production due to the shortage of semiconductors, offsetting strong sales of new models.

In terms of profitability, profit increased due to the steady performance of the CS retailing business and improved gross profit per unit in the dealer business.

FY2022 Plan	Achievement rate
42	85%

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
ENEX FLEET	12	17	+5
Osaka Car Life Group (The Company's equity 51.95%)	7	7	+0

Sales volumes

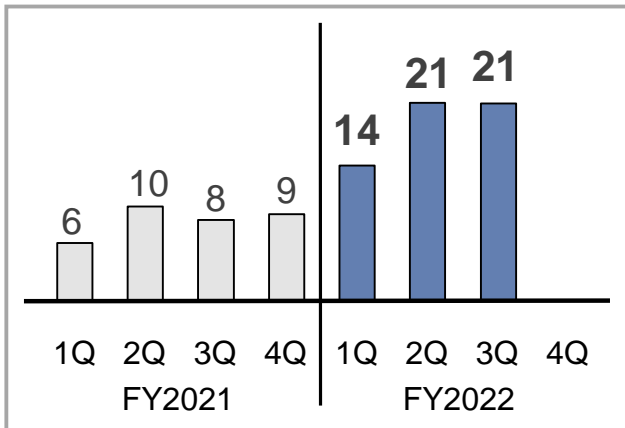
	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
Gasoline (thousand KL)	1,612	1,627	+1%
Kerosene (thousand KL)	324	335	+3%
Diesel oil (thousand KL)	1,744	1,762	+1%
New cars (thousand units)	19	18	-5%
Used cars (thousand units)	16	13	-16%

Industrial Business

Profit increased due to the improvement of import costs, mainly reflecting futures, in addition to the steady performance of each business.

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes	Major factors for increase/decrease (Net profit)	(100 million yen)	
					FY2022 Plan	Achievement rate
Gross profit	77	132	+55	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 progress in activities to find new customers. Profit increased partly because performance remained steady in each business and partly because import costs were improved by responding effectively to changing market conditions, for instance by using futures, while overseas markets were fluctuating.		
Selling, general and administrative expenses	-43	-45	-2			
Operating profit	34	80	+46			
Profit (losses) of investments accounted for using the equity method	0	1	+0			
Net profit	24	55	+31			28

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
ITOCHU INDUSTRIAL GAS	1	3	+1

Sales volumes

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
Gasoline (thousand KL)	296	264	-11%
Kerosene (thousand KL)	124	69	-44%
Diesel oil (thousand KL)	683	685	+0%
Heavy fuel oil (thousand KL)	1,252	1,259	+1%
Asphalt (thousand tons)	165	167	+1%
Industrial gas (thousand tons)	50	49	-1%

Power & Utility Division

Profit decreased, reflecting narrower electricity retail margins and the rebound from the valuation gains from making mega solar power plants subsidiaries of the Company.

(100 million yen)

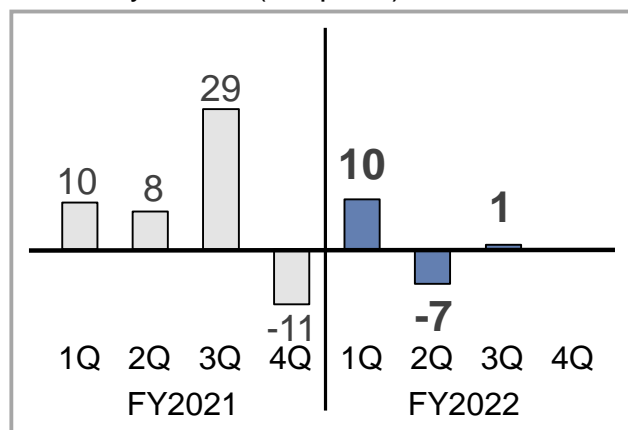
	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
Gross profit	69	53	-16
Selling, general and administrative expenses	-39	-45	-6
Operating profit	74	11	-63
Profit (losses) of investments accounted for using the equity method	3	4	+1
Net profit	46	4	-42

Major factors for increase/decrease (Net profit)

In the electricity retailing business, sales for low-voltage power were higher than the year-ago level, attributable to an increase in the number of new contracts. However, sales of high-voltage power decreased year on year due to the implementation of profitability-focused sales. As a result, overall sales decreased 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 the summer in comparison with the year-ago level. In terms of profitability, profit decreased, reflecting narrower electricity retail margins due to higher procurement prices caused by surging resource prices and rebound from the valuation gains from making mega solar power plants subsidiaries of the Company.

FY2022 Plan	Achievement rate
37	11%

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
ENEX Electric Power Group	6	8	+1
ENEX LIFE SERVICE	2	2	+0
Tokyo Toshi Service Company (The Company's equity 66.6%)	9	6	-3
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	4	5	+1

Sales volumes

	FY2021 1Q to 3Q Results	FY2022 1Q to 3Q Results	Changes
Electricity Retail (GWh)*	1,800	1,502	-17%
Breakdown	Sales of high voltages*	930	-30%
	Sales of low voltages*	571	+21%
Steam (thousand tons)	357	302	-15%
Heat quantity (TJ)	928	965	+4%

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

Appendix

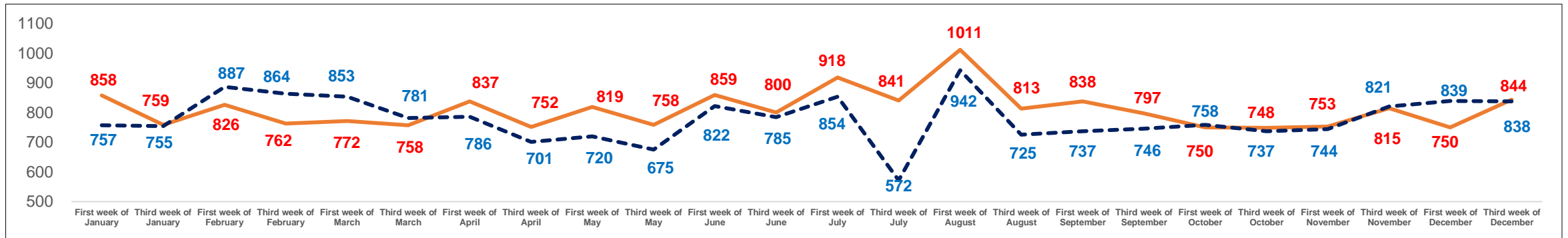
Appendix

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

Weekly shipment volume of gasoline

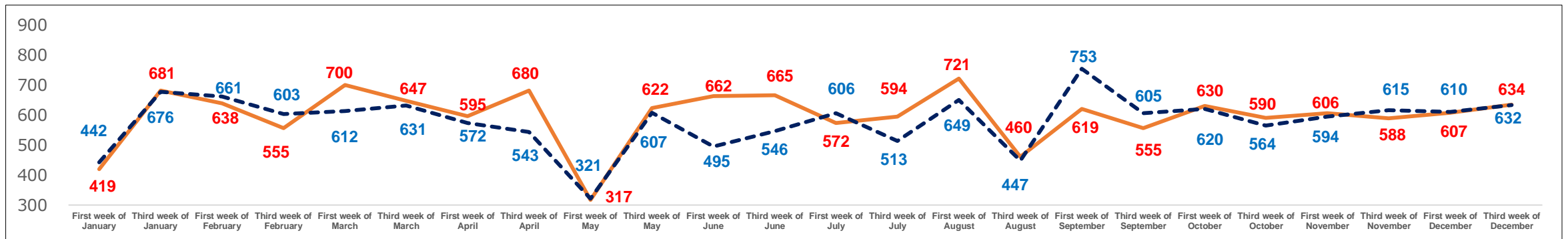
Unit: Thousand kiloliters

— Most recent 1 year (Jan. 2021 - Dec. 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 (December to November, national statistics)

Unit: Thousand tons

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

	June			July			August			September			October			November			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	494	499	+1%	458	448	-2%	405	402	-1%	442	440	-1%	509	492	-3%	618	621	+0%	7,205	7,342	+2%
For cars	30	32	+5%	33	34	+2%	31	32	+2%	29	31	+8%	33	30	-8%	31	31	-1%	367	374	+2%
Total	524	530	+1%	491	482	-2%	436	434	-0%	471	471	-0%	542	523	-4%	649	652	+0%	7,572	7,717	+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) (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	208	182	-9%	227	185	-19%	329	285	-14%	183	154	-16%	166	136	-18%	198	170	-14%
Kei cars	116	91	-22%	135	105	-22%	181	142	-22%	106	91	-15%	96	75	-21%	99	98	-0%
Total	325	272	-16%	362	290	-20%	510	426	-16%	288	244	-15%	262	212	-19%	297	268	-10%

	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	213	187	-12%	176	154	-12%	170	212	+25%	151	186	+24%	189	193	+2%	191	181	-5%	2,400	2,223	-7%
Kei cars	97	101	+5%	88	80	-9%	87	113	+30%	80	110	+37%	103	115	+12%	89	104	+17%	1,276	1,225	-4%
Total	309	288	-7%	264	234	-11%	257	325	+26%	230	296	+28%	292	308	+6%	280	284	+1%	3,676	3,448	-6%

* 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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