

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

Financial Results(FY2022)

May 12, 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 the Fiscal Year Ended March 31, 2023

- **Net profit** increased 0.6 billion yen year on year to **13.8 billion yen**, reaching a **record high** for the eighth consecutive year.
- The positive earnings are attributed to the strong results of the Industrial Business, which absorbed the negative impact of the electricity retailing business in the Power & Utility Business and the absence of temporary revenue in the previous fiscal year.

Net sales

1,012 billion yen (+8.1% year on year)

Operating profit

21.4 billion yen (+2.1% year on year)

Gross profit

89.6 billion yen (+7.1% year on year)

Net profit

13.8 billion yen (+4.8% year on year)

◇ **Overview of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2023**

- (1) Overview of the Entire Company**
- (2) Overview by Segment**

◇ **Appendix**

Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(1) Overview of the Entire Company

Summary of Financial Results for FY2022

Net profit marked a record high for the eighth consecutive year, due to strong performance in the Industrial Business.

(100 million yen)	FY2021 Results	FY2022 Results	Changes
Net sales	9,363	10,120	+757
Gross profit	836	896	+60
Selling, general and administrative expenses	-681	-689	-8
Operating profit	209	214	+4
Share of profit (loss) of investments accounted for using the equity method	24	24	-0
Net profit	132	138	+6
Ratio of SG&A expenses to gross profit	81.4%	76.9%	-4.5 pt
Dividends (yen/share)	48	50	+2

FY2022 Plan	Achievement rate
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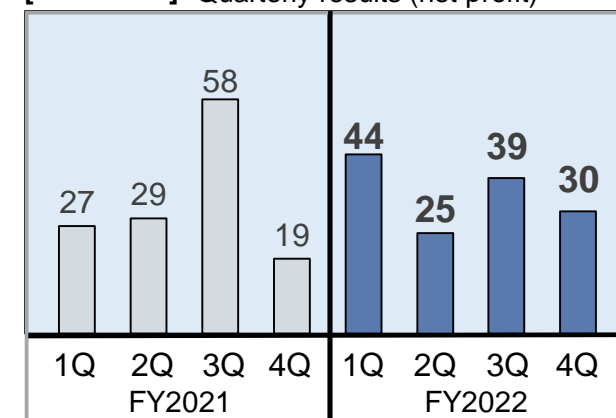
10,000 101%

194	110%
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130	106%
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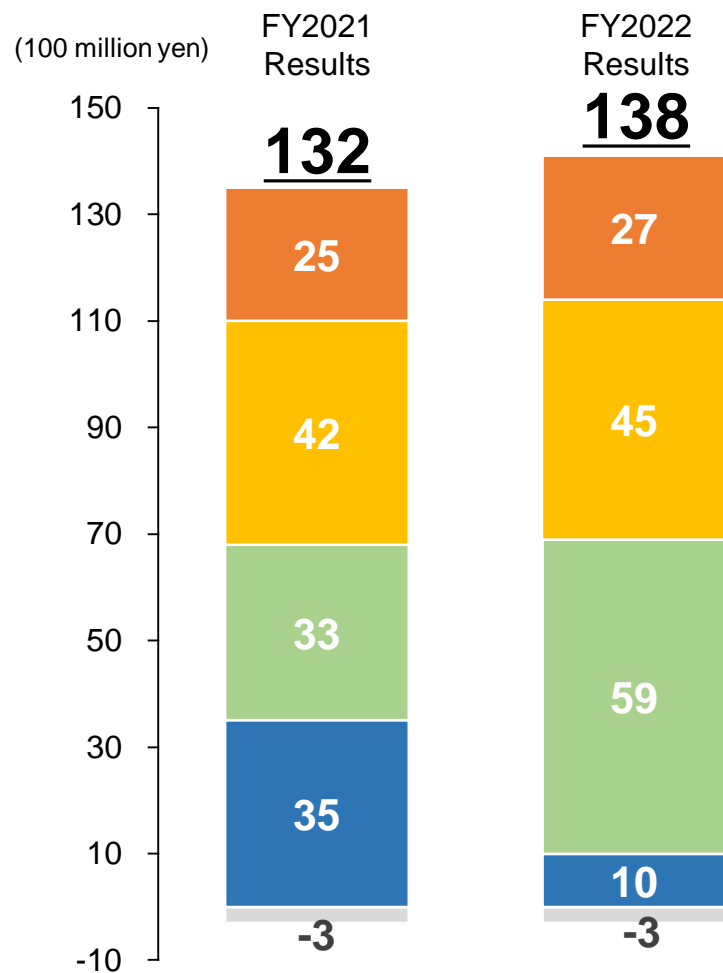
- Net profit increased 0.6 billion yen to 13.8 billion yen.
- The positive earnings are attributed to the strong results of the Industrial Business, which absorbed the negative impact of the electricity retailing business in the Power & Utility Business and the absence of temporary revenue in the previous fiscal year.
- The annual dividend is expected to rise 2.00 yen from that for the previous year, to an ordinary dividend of 50 yen per share.

[Reference] Quarterly results (net profit)



Net Profit by Segment

Profit increased due to the strong results of the Industrial Business, which absorbed the absence of temporary revenue.



Major factors for increase/decrease

Home-Life (YoY: +¥300 million, Percent of the plan achieved: 104%)

Profit increased mainly due to an increase in profit of investments accounted for using the equity method, offsetting the impact of fluctuations in inventory unit prices on margins, which were a result of lower LP gas import prices.

Car-Life (YoY: +¥300 million, Percent of the plan achieved: 106%)

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

Industrial Business (YoY: +¥2,600 million, Percent of the plan achieved: 210%)

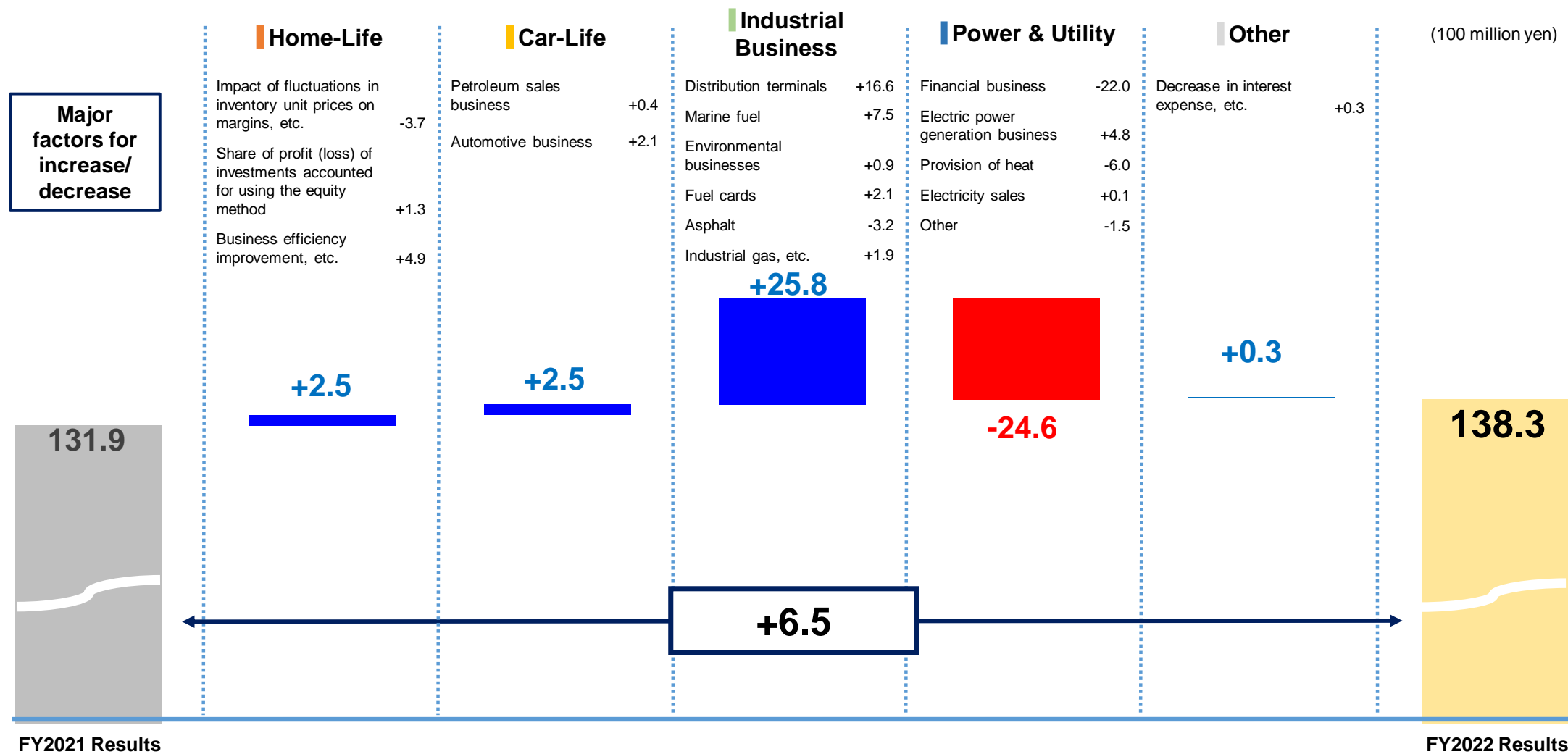
Profit increased significantly due to the improvement of profitability achieved by responding effectively to changing market conditions, in addition to the steady performance of each business.

Power & Utility (YoY: -¥2,500 million, Percent of the plan achieved: 28%)

Profit decreased significantly due to the rebound from the valuation gains from making mega solar power plants subsidiaries of the Company, in addition to a decline in electricity retail margins.

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

Analysis of Net Profit by Segment

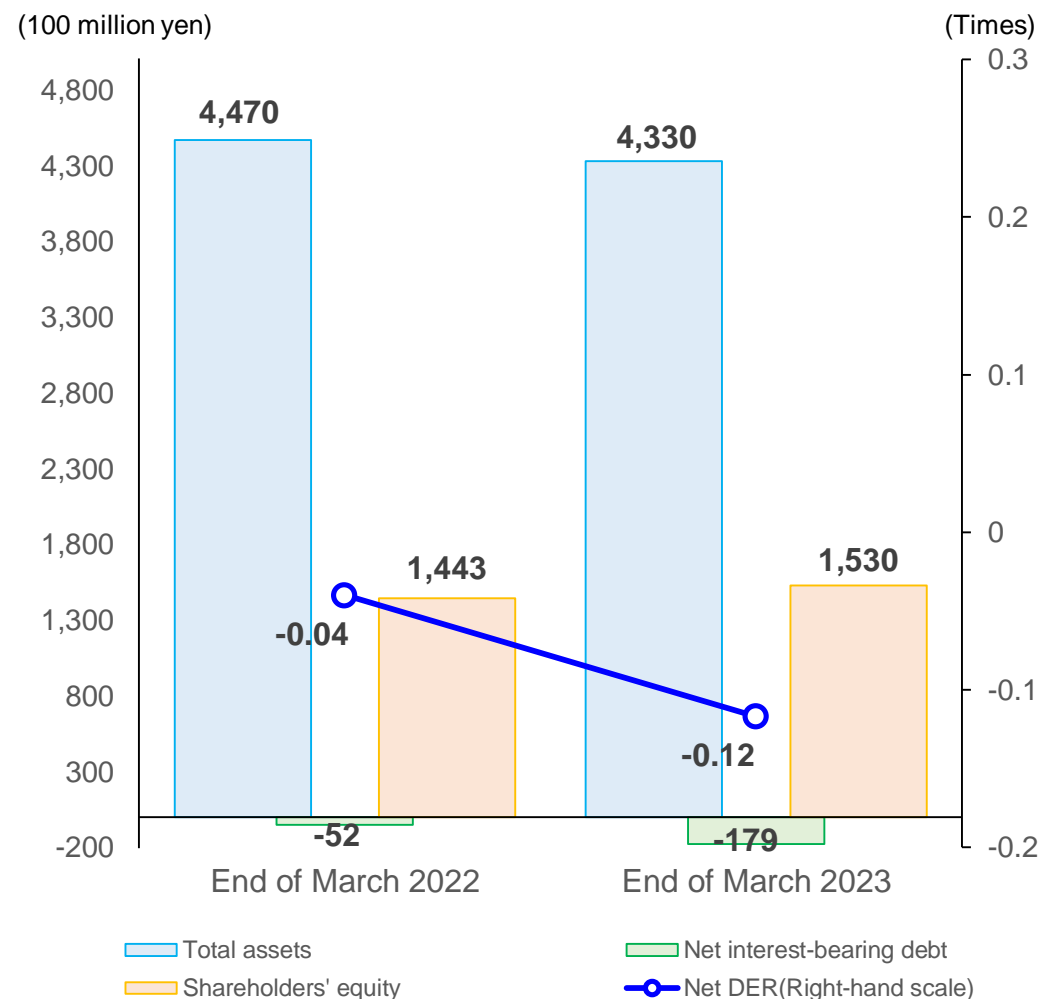


Financial Position

Total assets decreased mainly due to divestment of power plants.

- Total assets:** Decreased 14.0 billion yen from the end of the previous fiscal year to **433.0 billion yen**, mainly due to the divestment of power plants.
- Shareholders' equity:** Increased **8.7 billion yen** from the end of the previous year to **153.0 billion yen**, mainly reflecting a rise in net profit.
- Net DER:** Net DER decreased 0.08 from the end of the previous fiscal year to **-0.12**, reflecting repayments of bonds and borrowings.

	(100 million yen)		
	End of March 2022 Results	End of March 2023 Results	Changes
Total assets	4,470	4,330	-140
Net interest-bearing debt	-52	-179	-127
Shareholders' equity	1,443	1,530	+87
Ratio of shareholders' equity to net assets	32.3%	35.3%	+3.0 pt
Net DER	-0.04	-0.12	-0.08



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.

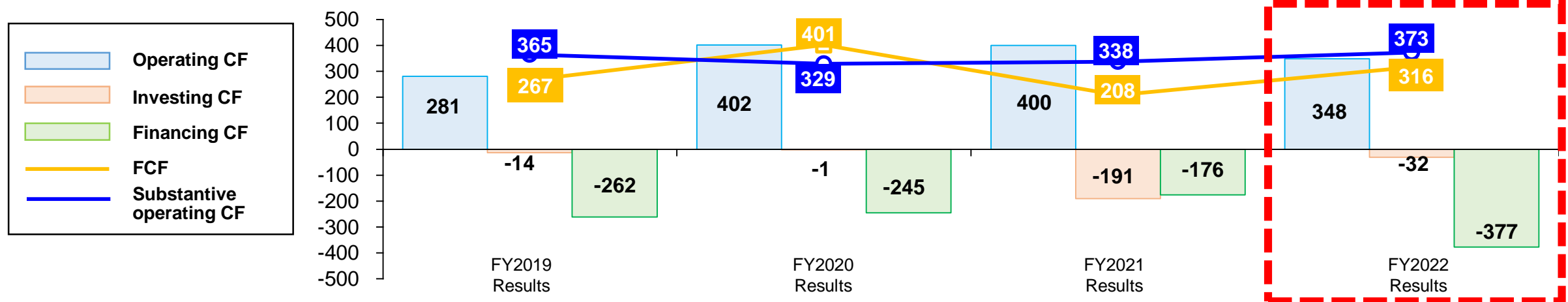
Cash Flows	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Cash flows from operating activities	281	402	400	348
Cash flows from investing activities	-14	-1	-191	-32
(Free cash flows)	267	401	208	316
Cash flows from financing activities	-262	-245	-176	-377

Substantive cash flows

Substantive operating cash flows (*)	365	329	338	373
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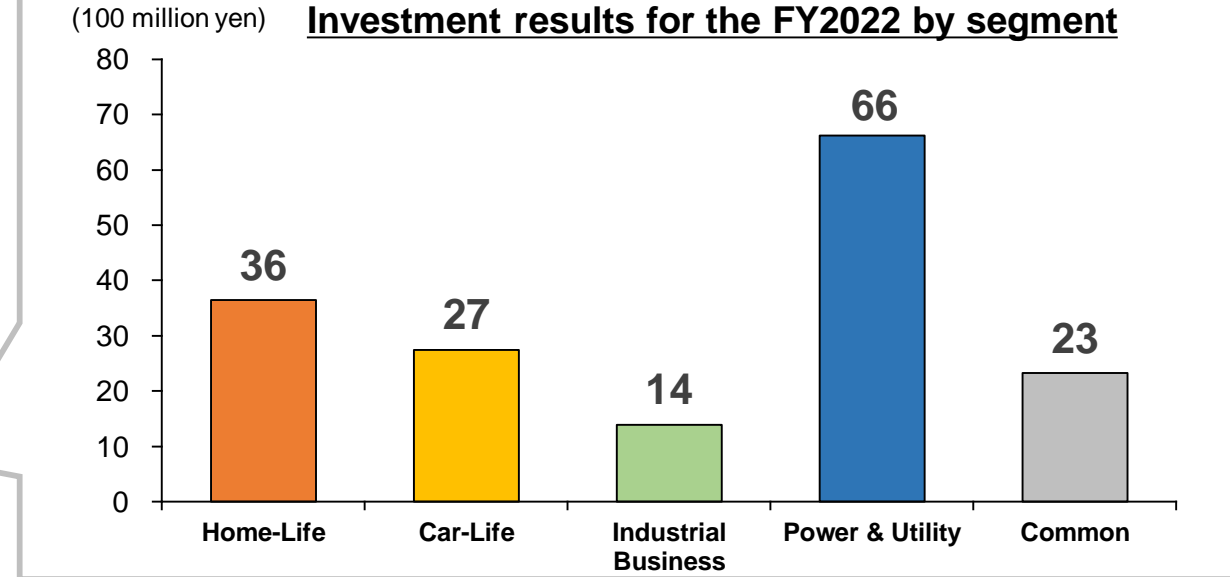
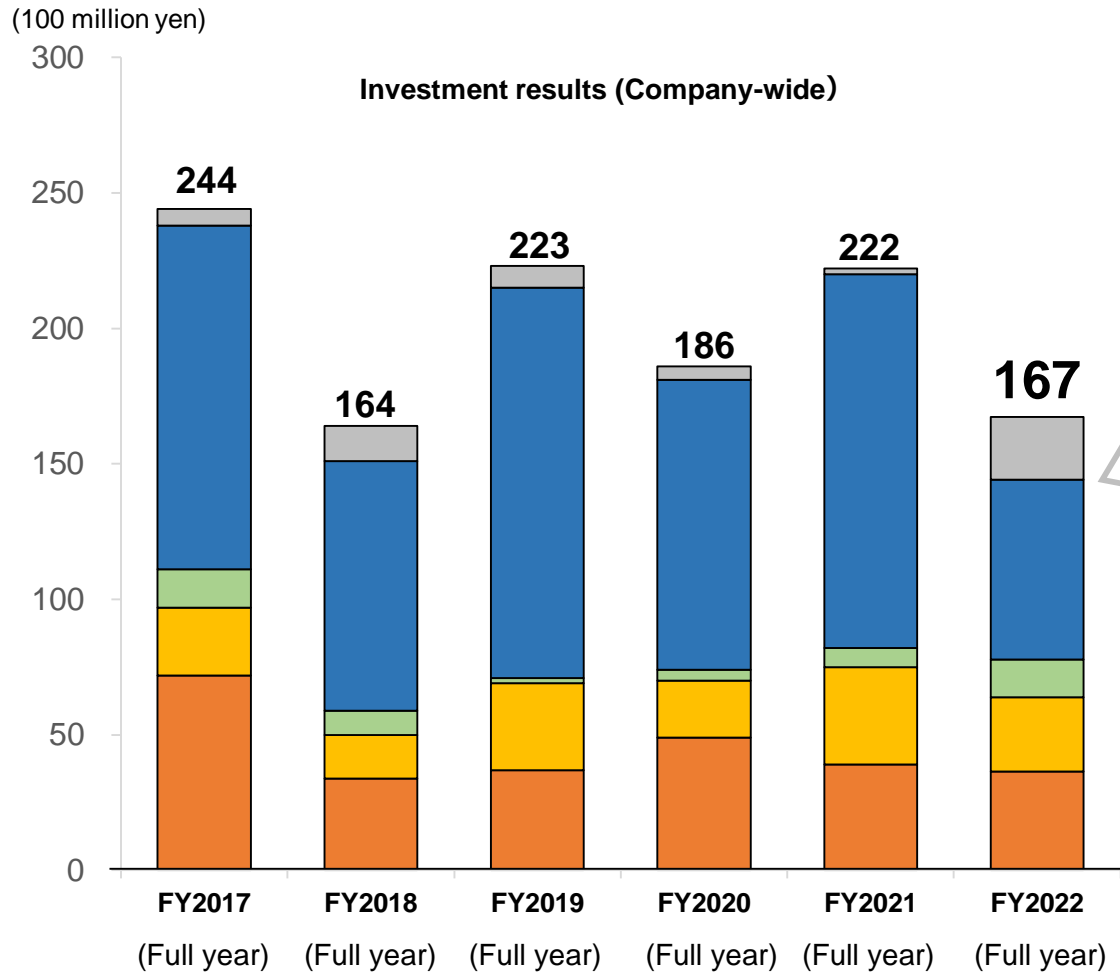
(*) Operating CF – Increase/decrease in working capital

(100 million yen)



Investment Trends

The reinforcement of foundations was carried out steadily, but the acceleration of growth investment remains a task to be accomplished.



Major investment results

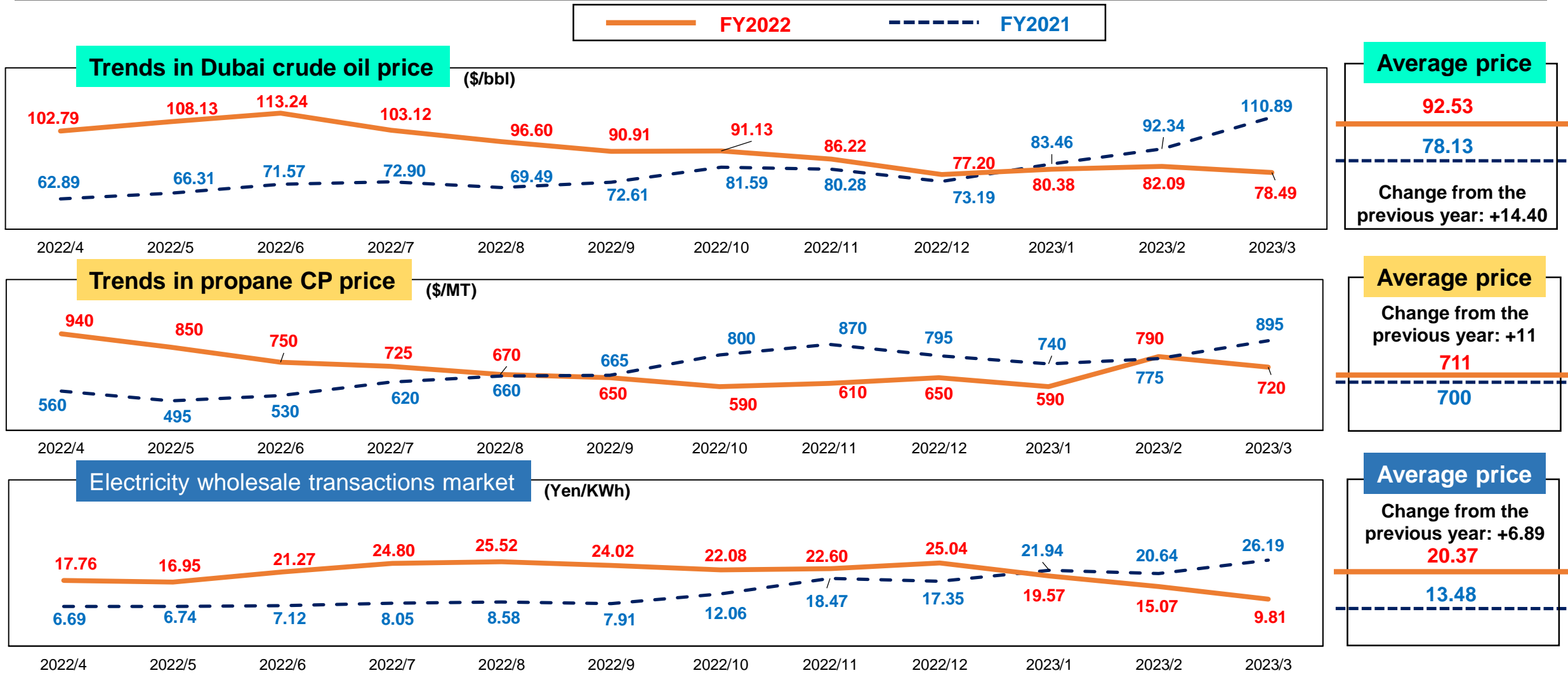
Home-Life	Acquisition of business rights, renovation of LPG filling stations, LPWA(*), etc.
Car-Life	Investment in the auction business, the renovation of CS and dealer stores, etc.
Industrial Business	Oil terminal renovation, etc.
Power & Utility	Solar and hydro power plants, heat supply facilities,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

CP prices were at a lower level compared to the beginning of the fiscal year.



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

(2) Overview by Segment

Results by Segment

						(100 million yen)	
		FY2021 Results	FY2022 Results	Changes	Rate of change %	FY2022 Plan	Achievement rate
Company-wide	Net sales	9,363	10,120	+757	+8.1%	10,000	101%
	Operating profit	209	214	+4	+2.1%	194	110%
	Net profit	132	138	+6	+4.8%	130	106%
Home-Life	Net sales	850	842	-8	-0.9%	—	—
	Operating profit	23	20	-3	-11.1%	—	—
	Net profit	25	27	+3	+10.3%	26	104%
Car-Life	Net sales	5,384	5,636	+252	+4.7%	—	—
	Operating profit	80	90	+9	+11.5%	—	—
	Net profit	42	45	+3	+6.0%	42	106%
Industrial Business	Net sales	2,118	2,445	+327	+15.4%	—	—
	Operating profit	46	85	+39	+83.7%	—	—
	Net profit	33	59	+26	+78.0%	28	210%
Power & Utility	Net sales	1,011	1,197	+186	+18.4%	—	—
	Operating profit	62	22	-40	-65.0%	—	—
	Net profit	35	10	-25	-70.5%	37	28%

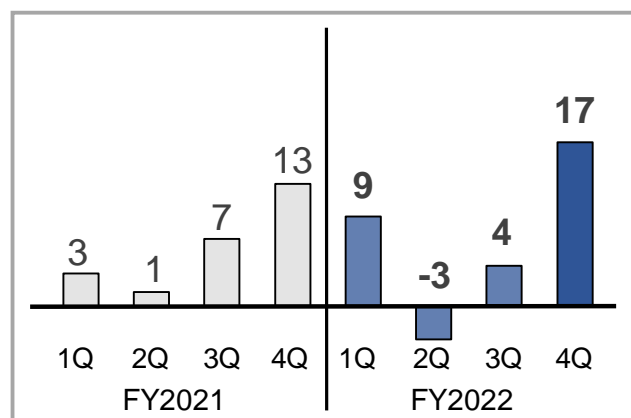
Home-Life

Profit increased mainly due to an increase in profit of investments accounted for using the equity method, offsetting the impact of fluctuations in inventory unit prices on margins, which were the result of lower LP gas import prices.

(100 million yen)

	FY2021 Results	FY2022 Results	Changes	Major factors for increase/decrease	FY2022 Plan	Achievement rate
Gross profit	196	181	-15	The number of customers under direct contract rose approx. 8,000 from the end of the previous fiscal year, to approx. 565,000, reflecting the acquisition of new customers and business rights. LP gas sales volume decreased year on year because of the average temperature in the peak demand season, which was higher than in the previous year, as well as the tendency to reduce consumption in the face of rising prices. Profit increased mainly due to an increase in profit from equity-method affiliates, offsetting the impact of fluctuations in inventory unit prices on margins, which were a result of lower LP gas import prices.		
Selling, general and administrative expenses	-173	-162	+11			
Operating profit	23	20	-3			
Profit (losses) of investments accounted for using the equity method	20	21	+1			
Net profit	25	27	+3			26

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2021 Results	FY2022 Results	Changes	Number of customers (1,000)	End of March 2022	End of March 2023	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	7	6	-1	Number of customers under direct LP gas supply contracts	557	565	+8
ECORE (The Company's equity 51%)	8	6	-2				
ENEARC (The Company's equity 50%)	9	9	+1	Sales volumes	FY2021 Results	FY2022 Results	Changes
				LP gas (thousand tons)	465	452	-3%

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)

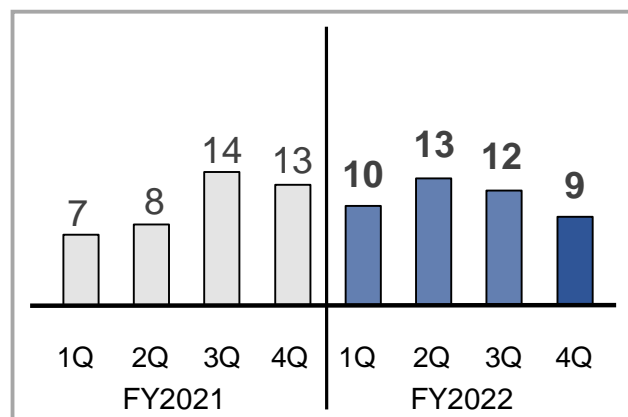
	FY2021 Results	FY2022 Results	Changes
Gross profit	477	491	+14
Selling, general and administrative expenses	-397	-402	-4
Operating profit	80	90	+9
Profit (losses) of investments accounted for using the equity method	1	-1	-2
Net profit	42	45	+3

Major factors for increase/decrease

The number of CS decreased by 26 from the end of the previous fiscal year to 1,610. 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
26	104%

Quarterly results (net profit)



Profit (loss) of major affiliates	FY2021 Results	FY2022 Results	Changes
ENEX FLEET	16	20	+4
Osaka Car Life Group (The Company's equity 51.95%)	9	11	+2

Sales volumes	FY2021 Results	FY2022 Results	Changes
Gasoline (thousand KL)	2,113	2,129	+1%
Kerosene (thousand KL)	620	651	+5%
Diesel oil (thousand KL)	2,333	2,348	+1%
New cars (thousand units)	25	25	-1%
Used cars (thousand units)	20	18	-12%

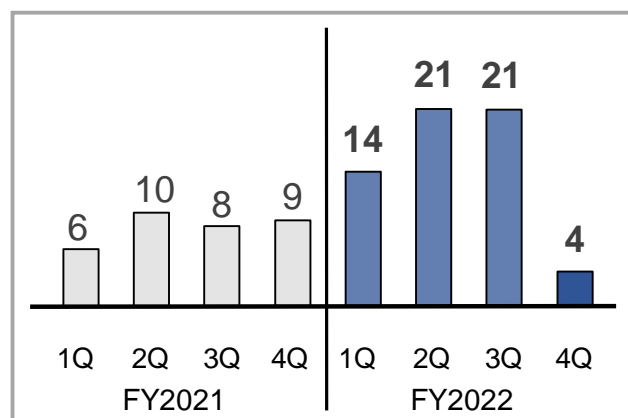
Industrial Business

Profit increased due to the improvement of profitability achieved by responding effectively to changing market conditions, in addition to the steady performance of each business.

(100 million yen)

	FY2021 Results	FY2022 Results	Changes	Major factors for increase/decrease	FY2022 Plan	Achievement rate
Gross profit	92	153	+61	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 profitability was improved in the distribution terminal business by responding effectively to the difference between domestic and foreign prices and changing market conditions by fully leveraging terminal functions.		
Selling, general and administrative expenses	-57	-62	-5			
Operating profit	46	85	+39			
Profit (losses) of investments accounted for using the equity method	0	1	+0			
Net profit	33	59	+26		26	104%

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 Results	FY2022 Results	Changes
ITOCHU INDUSTRIAL GAS	2	3	+2

Sales volumes

	FY2021 Results	FY2022 Results	Changes
Heavy fuel oil (thousand KL)	1,673	1,566	-6%
Asphalt (thousand tons)	259	258	-0%
Industrial gas (thousand tons)	67	65	-3%
AdBlue (thousand KL)	87	96	+13%

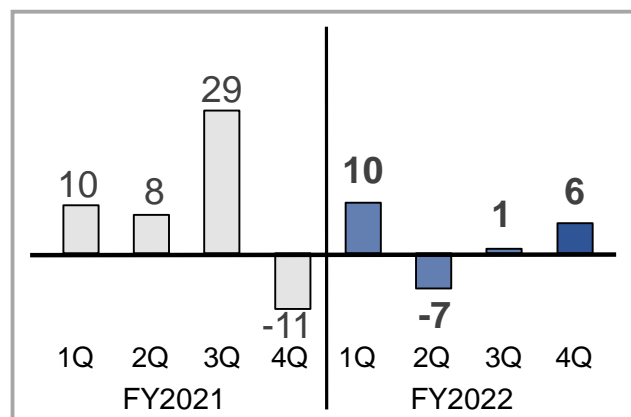
Power & Utility Division

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 Results	FY2022 Results	Changes	Major factors for increase/decrease	FY2022 Plan	Achievement rate
Gross profit	71	71	+0	In the electricity retailing business, sales for low-voltage power were higher than the year-ago level, attributable to an increase in 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.		
Selling, general and administrative expenses	-51	-60	-9			
Operating profit	62	22	-40			
Profit (losses) of investments accounted for using the equity method	3	3	-0			
Net profit	35	10	-25		26	104%

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2021 Results	FY2022 Results	Changes
ENEX Electric Power Group	5	9	+5
ENEX LIFE SERVICE	3	3	+1
Tokyo Toshi Service Company (The Company's equity 66.6%)	7	1	-6
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	5	6	+2
Number of customers (in thousands)			
	FY2021 Results	FY2022 Results	Changes
Number of customers for electricity retail (company-wide total)	280	334	+54

Sales volumes

	FY2021 Results	FY2022 Results	Changes	
Electricity Retail (GWh)*	2,472	2,010	-19%	
Breakdown	Sales of high voltages*	1,781	1,176	-34%
	Sales of low voltages*	691	834	+21%
Steam (thousand tons)	475	411	-13%	
Heat quantity (TJ)	1,229	1,238	+1%	

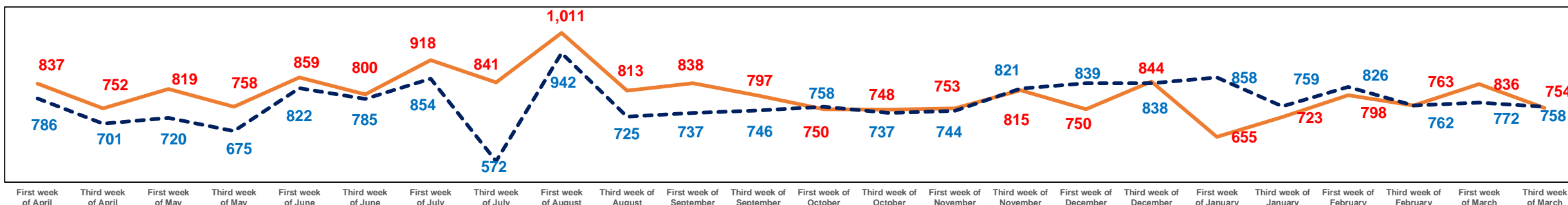
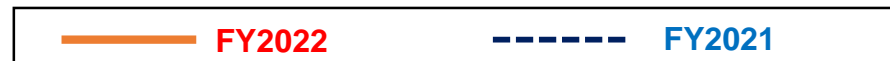
* Calculated based on preliminary values. Electricity retail includes agency quantity.

Appendix

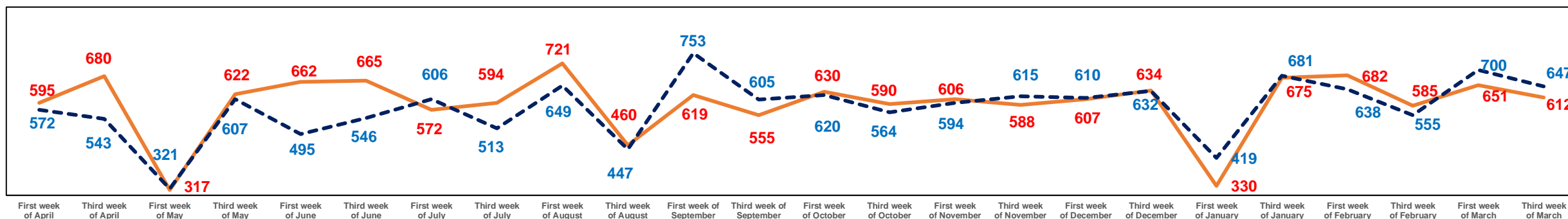
Appendix

[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 (March to February, national statistics)

Unit: Thousand tons

	March			April			May			June			July			August		
	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes
For household and business use	764	806	+5%	616	621	+1%	522	529	+1%	494	499	+1%	458	448	-2%	405	402	-1%
For cars	31	31	+0%	30	31	+3%	26	30	+15%	30	32	+5%	33	34	+2%	31	32	+2%
Total	795	837	+5%	646	652	+1%	548	559	+2%	524	530	+1%	491	482	-2%	436	434	-0%

	September			October			November			December			January			February			Total		
	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2022	2023	Changes	2022	2023	Changes	Year before last	Last one year	Changes
For household and business use	442	440	-1%	509	492	-3%	618	621	+0%	849	810	-5%	835	822	-2%	800	765	-4%	7,312	7,256	-1%
For cars	29	31	+8%	33	30	-8%	31	31	+0%	37	32	-13%	30	28	-8%	26	28	+8%	367	369	+1%
Total	471	471	+0%	542	523	-4%	649	652	+0%	886	843	-5%	865	850	-2%	826	793	-4%	7,679	7,625	-1%

* 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		
	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes
Standard-sized and compact cars	183	154	-16%	166	136	-18%	198	170	-14%	213	187	-12%	176	154	-12%	170	212	+25%
Kei cars	106	91	-14%	96	75	-21%	99	98	-0%	97	101	+5%	88	80	-9%	87	113	+30%
Total	288	244	-15%	262	212	-19%	297	268	-10%	309	288	-7%	264	234	-11%	257	325	+26%

	October			November			December			January			February			March			Total		
	2021	2022	Changes	2021	2022	Changes	2021	2022	Changes	2022	2023	Changes	2022	2023	Changes	2022	2023	Changes	Year before last	Last one year	Changes
Standard-sized and compact cars	151	186	+24%	189	193	+2%	191	181	-5%	182	202	+11%	185	237	+28%	285	330	+16%	2,287	2,341	+2%
Kei cars	80	110	+37%	103	115	+12%	89	104	+17%	91	118	+30%	105	120	+14%	142	148	+4%	1,181	1,272	+8%
Total	230	296	+28%	292	308	+6%	280	284	+1%	272	320	+17%	290	356	+23%	426	478	+12%	3,468	3,614	+4%

* 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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