

ITOCHU ENEX CO., LTD.

(TSE First Section, 8133)

FY2021 Financial Results for First Three Months

July 30, 2021

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 FY2021

- **Quarterly net profits** decreased 0.9 billion yen to **2.7 billion yen**, down 25.5% year on year.
Profit decreased partly because of a rebound from the temporary earnings from operations in response to fluctuations in crude oil prices in the same period of the previous fiscal year. However, the impact of COVID-19 has been on a downward trend, and sales have been recovering, resulting in a good start excluding special factors.
- **The ratio of SG&A expenses to gross profit** suggests that expenses were properly controlled as in the previous year (79.8%), despite a recovery in sales activities.

Net sales

207.0 billion yen (+39.7% year on year)

Operating profit

4.3 billion yen (-2.7% year on year)

Gross profit

20.8 billion yen (+2.4% year on year)

Net profit

2.7 billion yen (-25.5% 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, industrial use, and automobile 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 due in part to the acquisition of business rights. ☐ The sales volume of industrial gas remained unchanged year on year.
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 625,000 KL (+12.1% year on year) 	<ul style="list-style-type: none"> ■ LP gas 111,000 tons (+0.7% year on year) 	<ul style="list-style-type: none"> ■ Electricity Retail 542 GWh (+6.5% year on year, including agency quantity)
<ul style="list-style-type: none"> ■ Diesel oil 762,000 KL (+3.3% year on year) 	<ul style="list-style-type: none"> ■ Industrial gas 16,000 tons (-0.8% year on year) 	<ul style="list-style-type: none"> ■ New cars 5,400 units (+13.5% year on year)

◇ Overview of Consolidated Financial Results for First Three Months of FY2021

(1) Overview of the Entire Company

(2) Overview by Segment

◇ Appendix

Overview of Consolidated Financial Results for First Three Months of FY2021

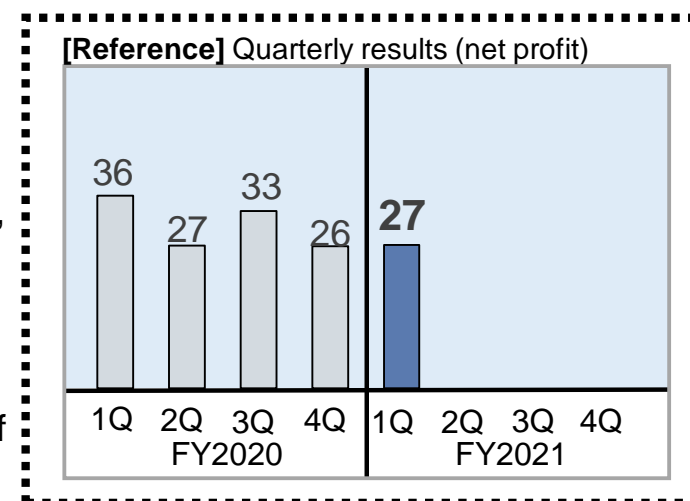
(1) Overview of the Entire Company

Summary of Financial Results for 1Q/FY2021

Good start excluding a rebound from temporary earnings in Industrial Business, etc.

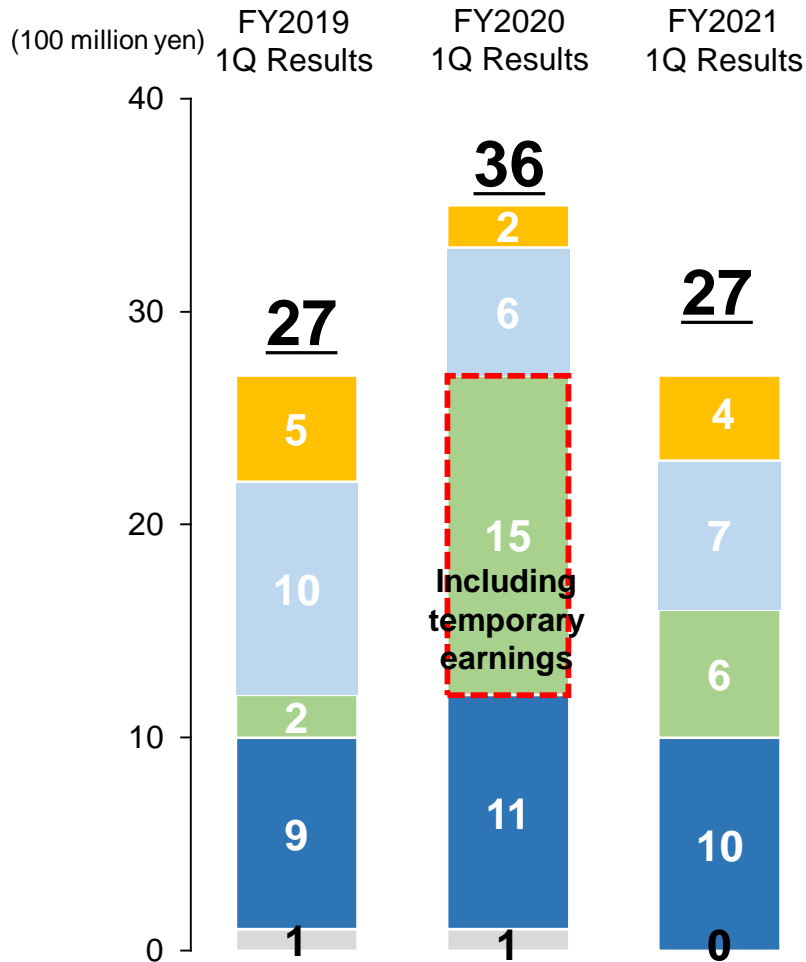
(100 million yen)	FY2020 1Q Results	FY2021 1Q Results	Changes	FY2021 Plan	Achievement rate
Net sales	1,482	2,070	+588	8,000	26%
Gross profit	204	208	+4		
Selling, general and administrative expenses	-159	-166	-7		
Operating profit	44	43	-1	205	21%
Share of profit (loss) of investments accounted for using the equity method	6	5	-1		
Net profit	36	27	-9	125	21%
Ratio of SG&A expenses to gross profit	78.0%	79.8%	+1.8pt		

- Quarterly net profits decreased 0.9 billion yen, to 2.7 billion yen, down 25.5% year on year. Profit decreased partly because of the absence of the temporary earnings from operations in response to fluctuations in crude oil price in the same period of the previous fiscal year. However, the impact of COVID-19 decreased year on year, and sales volume was recovering, having resulted in a good start.
- The ratio of SG&A expenses to gross profit came to 79.8%, a 1.8% increase year on year, suggesting that expenses were properly controlled as in the previous year.
- The annual dividend is planned to be 46 yen (interim dividend of 23 yen and year-end dividend of 23 yen).



Net Profit by Segment

Profit decreased despite the recovery in sales volume, given the absence of the temporary earnings in the Industrial Business seen in the previous year.



Major factors for increase/decrease

Home-Life (YoY: +¥200 million, Percent of the plan achieved: 15%)

The number of customers under direct contract rose slightly from the end of the previous fiscal year, to approx. 553,000, reflecting stepped up activities to acquire new customers and business rights. For LP gas sales volume, demand for gas for business and industrial use was recovering, and that for LP gas for household use also remained unchanged year on year, despite the rebound from demand driven by those refraining from going out in the previous fiscal year. This partly reflected the acquisition of business rights. The overall sales volume also remained unchanged from the year-ago level. Profit increased due in part to the effect of inventories reflecting a rise in import prices of LP gas.

Car-Life (YoY: +¥100 million, Percent of the plan achieved: 19%)

The number of filling stations decreased by 14 from the end of the previous fiscal year, to 1,673. The 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. In terms of profits, retail margins in the oil business decreased, but the overall profit increased on a recovery in the number of cars sold in the car dealer business.

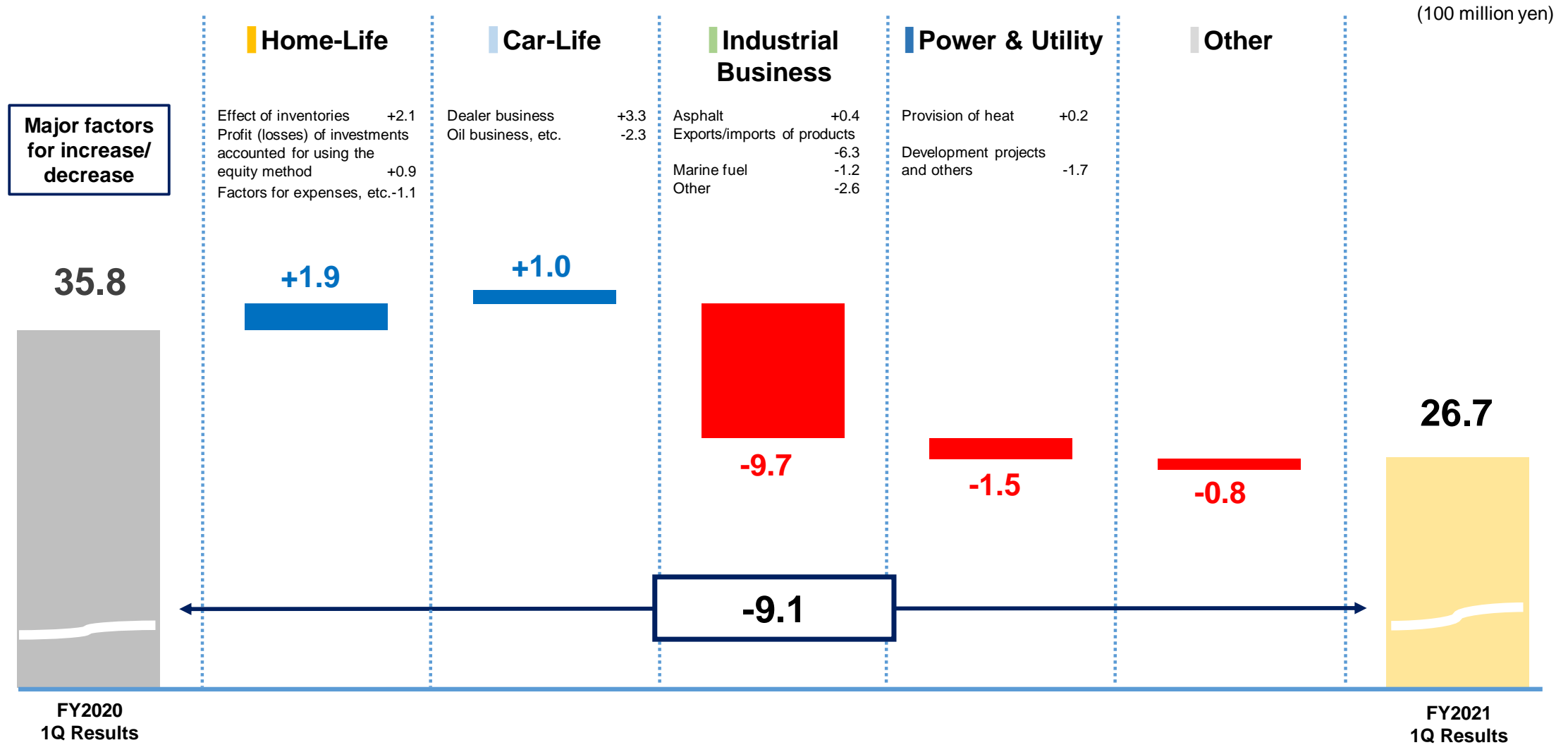
Industrial Business (YoY: -¥900 million, Percent of the plan achieved: 22%)

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: -¥100 million, Percent of the plan achieved: 25%)

Among electricity retail sales, high-voltage power sales volume increased year on year with a rise in the number of contracts for high-voltage power for corporate use. Low-voltage power sales volume increased year on year due to a rise in the number of low voltage power contracts, mainly for household use. The amount of heat supplied in the heat provision business remained almost unchanged from the year-ago level. Profit decreased due to a decline in earnings of associates accounted for by the equity method.

Analysis of Net Profit by Segment

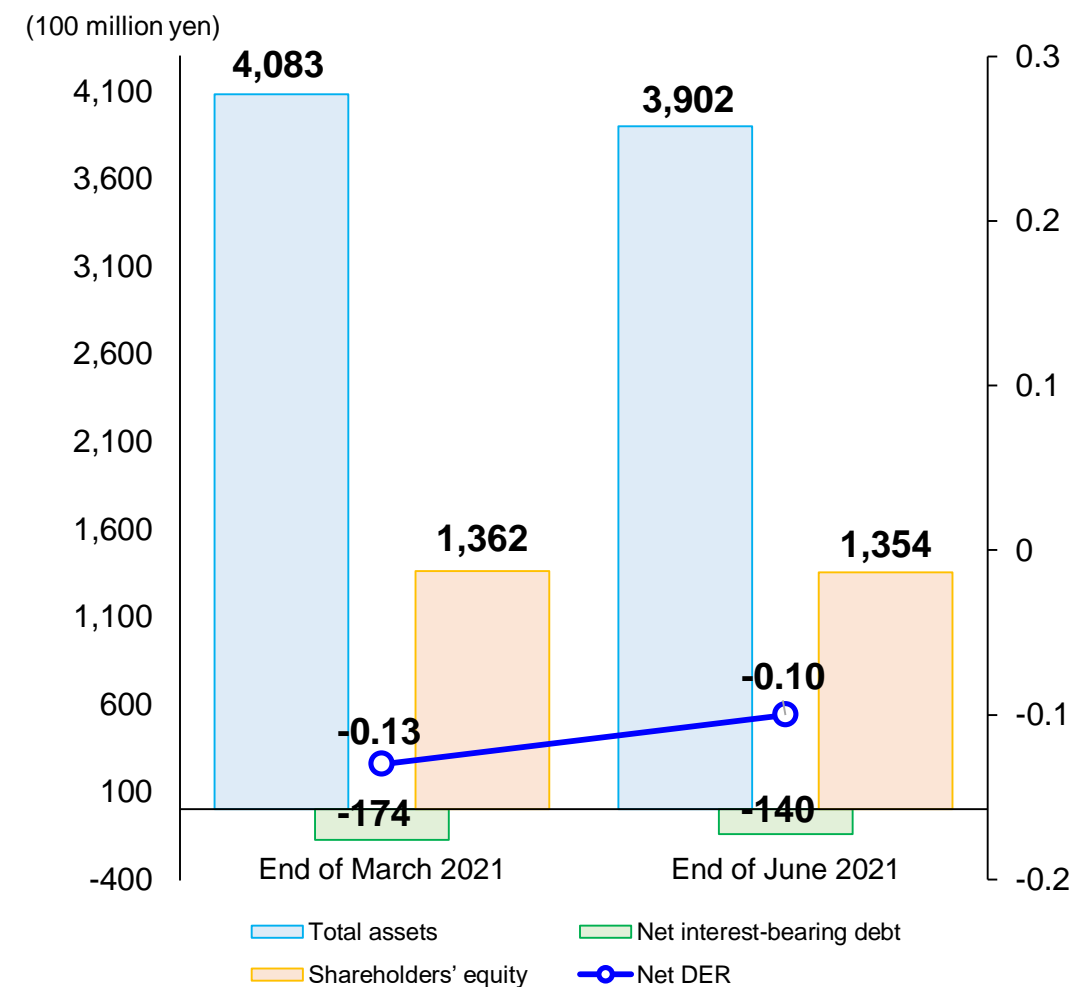


Financial Position

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

- ❑ **Total assets:** Decreased 18.1 billion yen from the end of the previous year due to decreases in trade receivables/trade payables and came to **390.2 billion yen**.
- ❑ **Shareholders' equity:** Decreased 0.8 billion yen from the end of the previous year to **135.4 billion yen**, mainly reflecting the payment of dividends
- ❑ **Net DER:** Net DER is a negative value due to an increase in cash and deposits.

	(100 million yen)		
	End of March 2021 Results	End of June 2021 Results	Changes
Total assets	4,083	3,902	-181
Net interest-bearing debt	-174	-140	+34
Shareholders' equity	1,362	1,354	-8
Ratio of shareholders' equity to net assets	33.4%	34.7%	+1.3pt
Net DER	-0.13	-0.10	+0.03



Cash Flows

Continued to create ample cash flows from operating activities, excluding special factors.

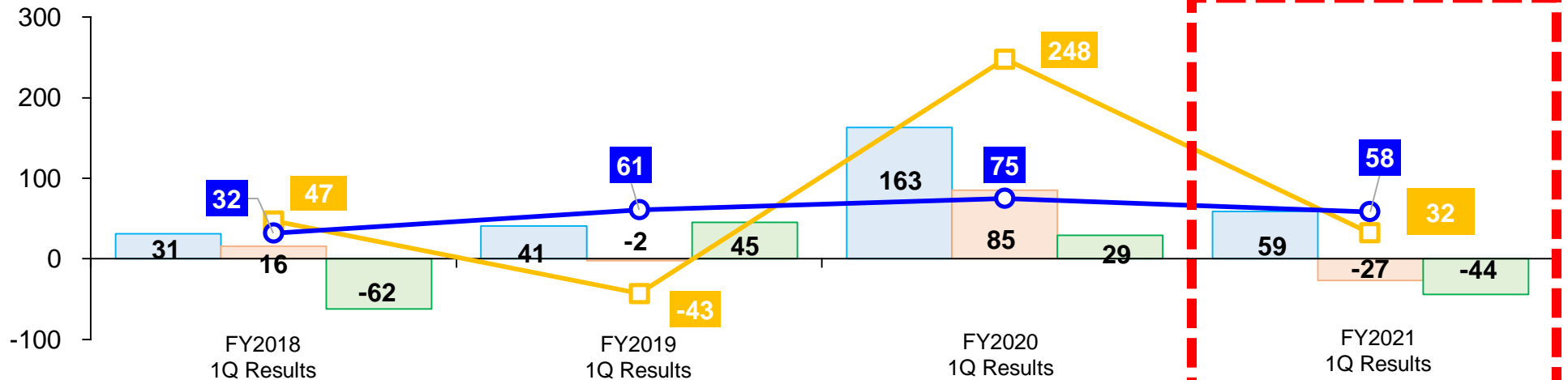
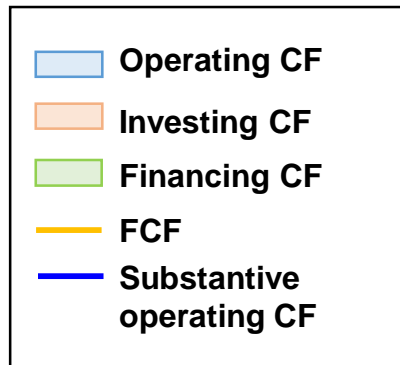
Cash Flows	FY2018 1Q Results	FY2019 1Q Results	FY2020 1Q Results	FY2021 1Q Results
Cash flows from operating activities	31	-41	163	59
Cash flows from investing activities	16	-2	85	-27
(Free cash flows)	47	-43	248	32
Cash flows from financing activities	-62	45	29	-44

Substantive cash flows

Substantive operating cash flows (*)	32	61	75	58
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(*) Operating CF – Increase/decrease in working capital

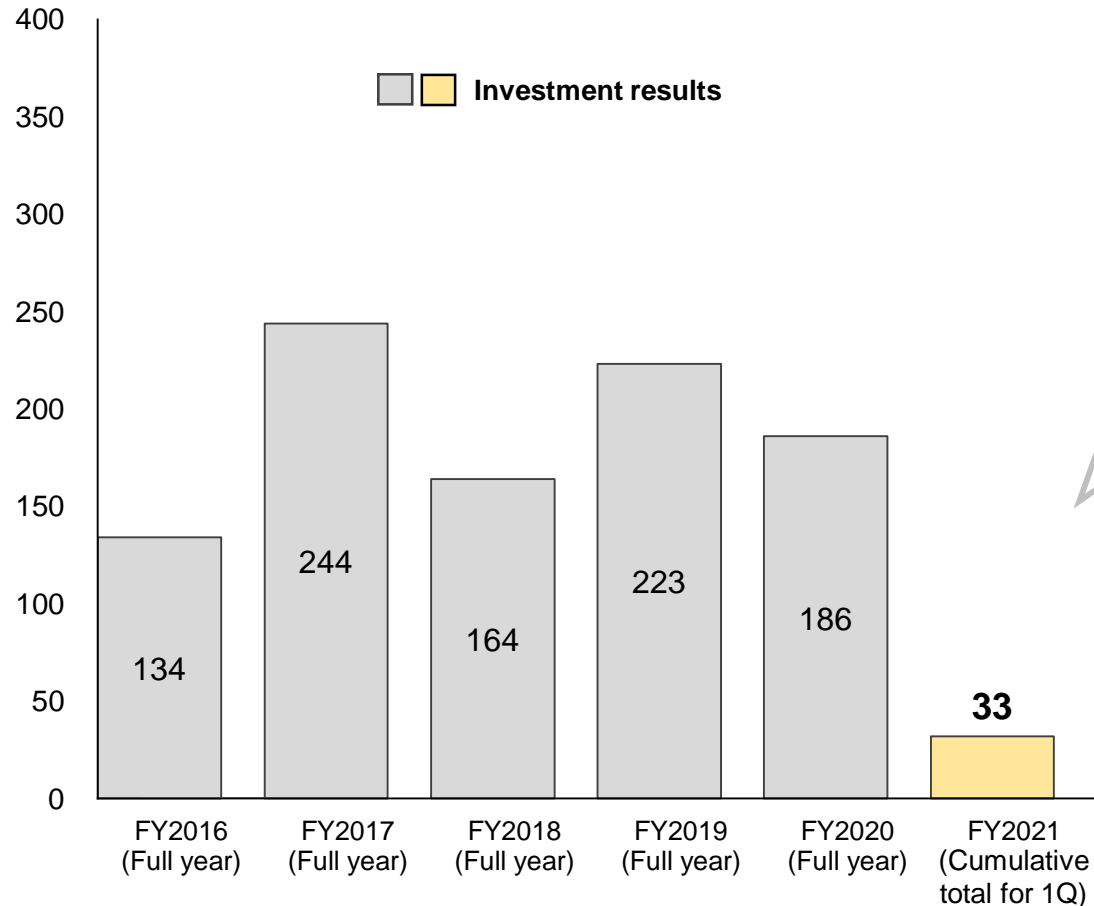
(100 million yen)



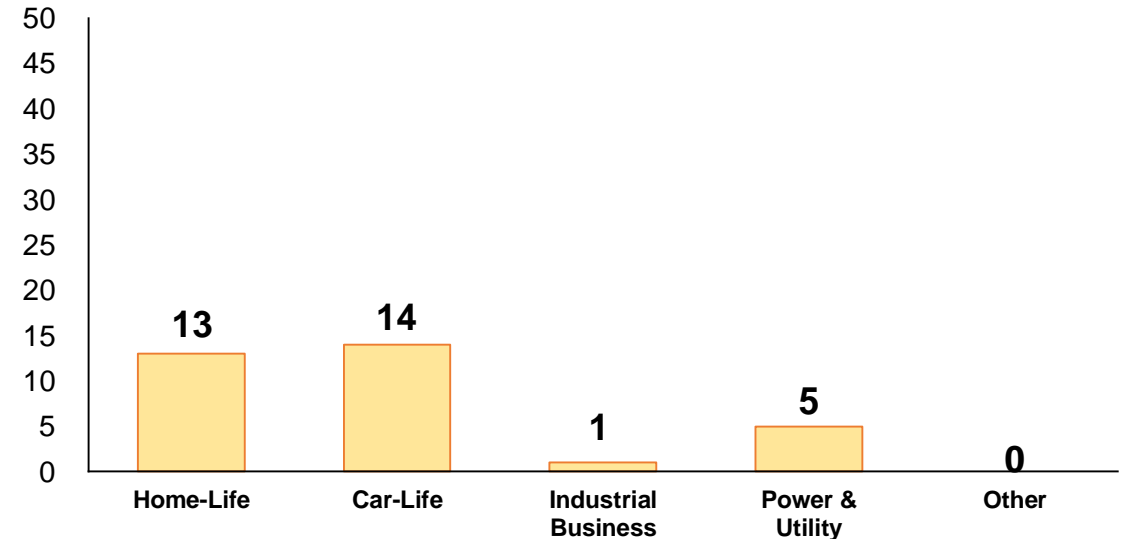
Investment Trends

Investments in maintenance of plant and equipment were started.
Growth investments are planned in 2Q or later.

Company-wide (100 million yen)



Investment results for FY2021 1Q by segment

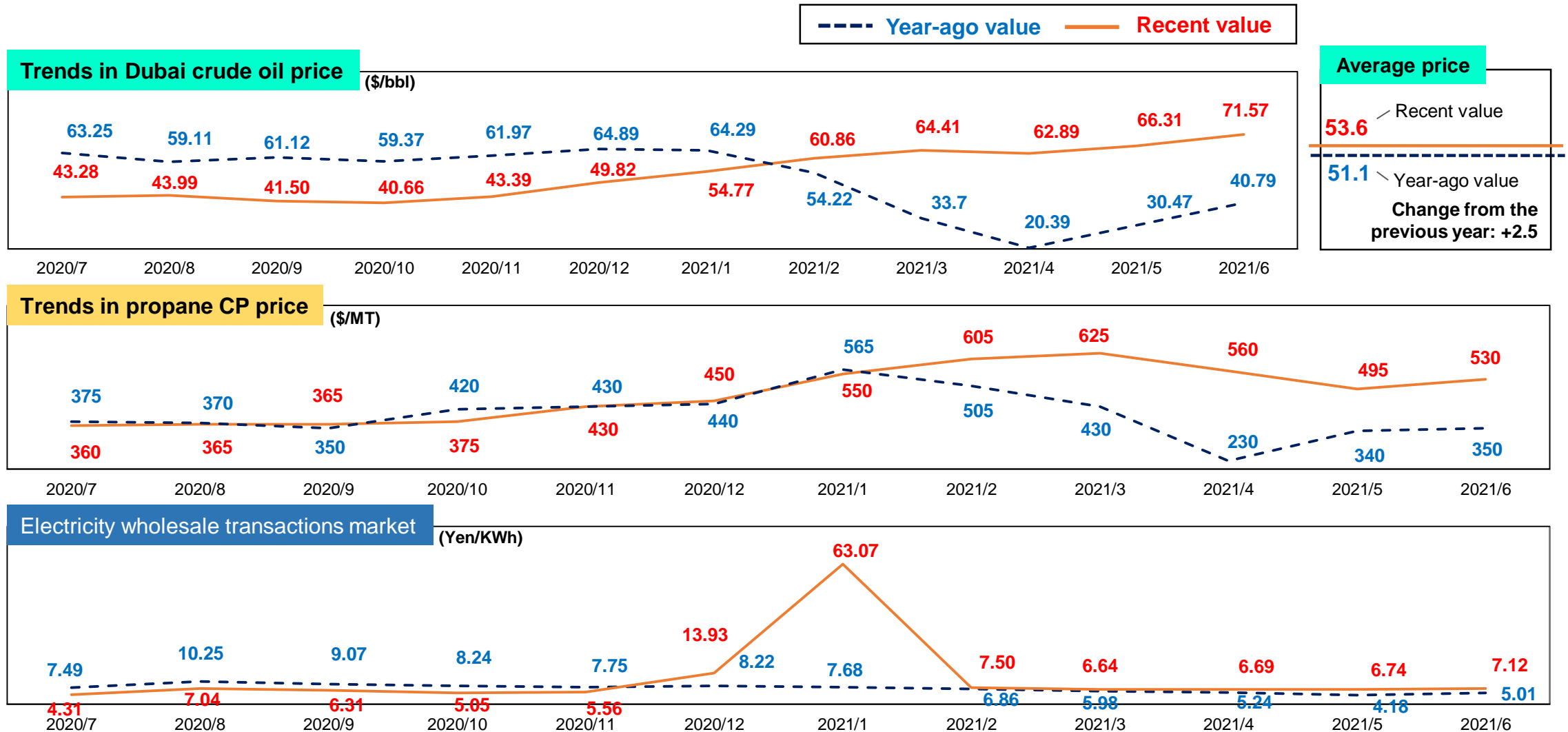


Major investment results

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	—

(Reference) Market Trends

Crude oil prices have been on the rise since they bottomed out at the beginning of the previous year.



Overview of Consolidated Financial Results for First Three Months of FY2021

(2) Overview by Segment

Results by Segment

(100 million yen)

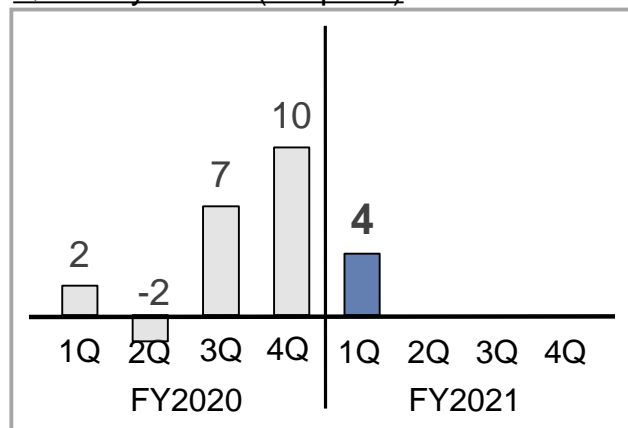
		FY2020 1Q Results	FY2021 1Q Results	Changes	Rate of change %	FY2021 Plan	Achievement rate
Company-wide	Net sales	1,482	2,070	+588	+39.7	8,000	26%
	Operating profit	44	43	-1	-2.7	205	21%
	Net profit	36	27	-9	-25.5	125	21%
Home-Life	Net sales	158	180	+22	+14.3	—	—
	Operating profit	1	3	+2	+493.0	—	—
	Net profit	2	4	+2	+111.0	25	15%
Car-Life	Net sales	817	1,152	+335	+41.0	—	—
	Operating profit	9	15	+6	+64.5	—	—
	Net profit	6	7	+1	+15.3	38	19%
Industrial Business	Net sales	323	559	+236	+73.2	—	—
	Operating profit	17	8	-9	-53.9	—	—
	Net profit	15	6	-9	-63.0	26	22%
Power & Utility	Net sales	185	179	-6	-3.1	—	—
	Operating profit	15	16	+1	+7.2	—	—
	Net profit	11	10	-1	-13.5	39	25%

Home-Life

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

	FY2020 1Q Results	FY2021 1Q Results	Changes	Major factors for increase/decrease (Net profit)	FY2021 Plan	Achievement rate
Gross profit	46	51	+5	The number of customers under direct contract rose slightly from the end of the previous fiscal year, to approx. 553,000, reflecting stepped up activities to acquire new customers and business rights. For LP gas sales volume, demand for gas for business and industrial use was recovering, and that for LP gas for household use also remained unchanged year on year, despite the rebound from demand driven by those refraining from going out in the previous fiscal year. This partly reflected the acquisition of business rights. The overall sales volume also remained unchanged from the year-ago level. Profit increased due in part to the effect of inventories reflecting a rise in import prices of LP gas.		
Selling, general and administrative expenses	-46	-48	-2			
Operating profit	1	3	+2			
Share of profit (loss) of investments accounted for using the equity method	2	3	+1			
Net profit	2	4	+2			25

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2020 1Q Results	FY2021 1Q Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	2	1	-0
ECORE (The Company's equity 51%)	1	2	+0
ENEARC (The Company's equity 50%)	2	1	-1

Number of customers (1,000)

	End of March 2021	End of June 2021	Changes
Number of customers under direct LP gas supply contracts	552	553	+1
Number of customers for electricity retail	109	112	+3

Sales volumes

	FY2020 1Q Results	FY2021 1Q Results	Changes
LP gas (thousand tons)	108	108	+0
Industrial gas (thousand tons)	16	16	-0

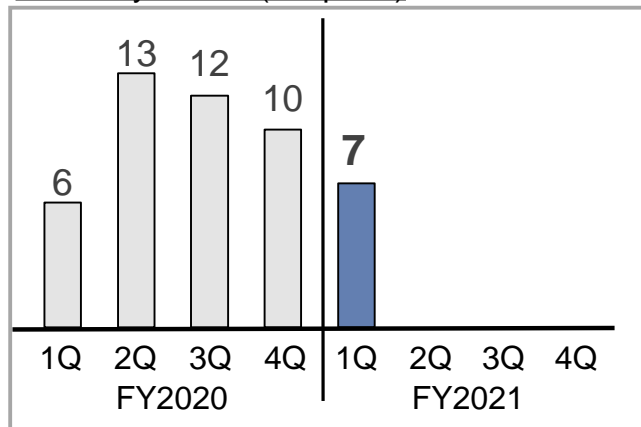
Car-Life

Profit increased thanks to the strong showing of the car dealer business, offsetting the decline in retail margins in the oil business.

(100 million yen)

	FY2020 1Q Results	FY2021 1Q Results	Changes	Major factors for increase/decrease (Net profit)	FY2021 Plan	Achievement rate
Gross profit	104	110	+6	The number of filling stations decreased by 14 from the end of the previous fiscal year, to 1,673. The 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. In terms of profits, retail margins in the oil business decreased, but the overall profit increased on a recovery in the number of cars sold in the car dealer business.		
Selling, general and administrative expenses	-94	-95	-1			
Operating profit	9	15	+6			
Share of profit (loss) of investments accounted for using the equity method	0	0	0			
Net profit	6	7	+1			38

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2020 1Q Results	FY2021 1Q Results	Changes
ENEX FLEET	6	3	-3
Osaka Car Life Group (The Company's equity 51.95%)	-1	2	+3

Sales volumes

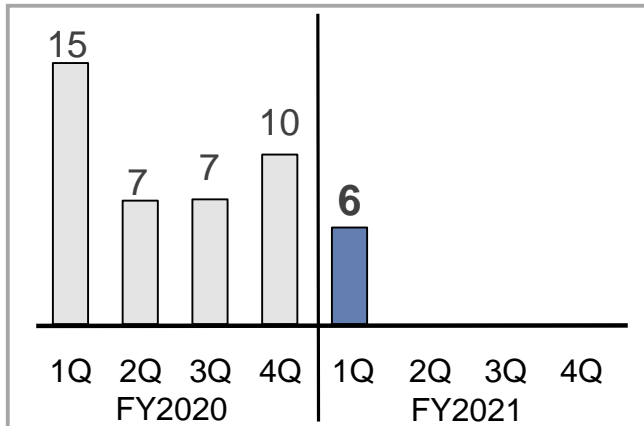
	FY2020 1Q Results	FY2021 1Q Results	Changes
Gasoline (thousand KL)	377	407	+8%
Kerosene (thousand KL)	57	41	-29%
Diesel oil (thousand KL)	470	477	+2%
New cars (thousand units)	4.8	5.4	+14%
Used cars (thousand units)	5.0	5.8	+15%

Industrial Business

Made a good start thanks to a recovery in the asphalt business, although profit decreased year on year due to the absence of temporary earnings, etc.

	FY2020 1Q Results	FY2021 1Q Results	Changes		(100 million yen)	
				Major factors for increase/decrease (Net profit)	FY2021 Plan	Achievement rate
Gross profit	27	20	-7	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.		
Selling, general and administrative expenses	-10	-12	-2			
Operating profit	17	8	-9			
Share of profit (loss) of investments accounted for using the equity method	0	0	0			
Net profit	15	6	-9			26

Quarterly results (net profit)



Sales volumes	FY2020 1Q Results	FY2021 1Q Results	Changes
Gasoline (thousand KL)	176	214	+21%
Kerosene (thousand KL)	74	71	-4%
Diesel oil (thousand KL)	266	283	+7%
Heavy fuel oil (thousand KL)	539	415	-23%
Asphalt (thousand tons)	72	58	-19%

Power & Utility

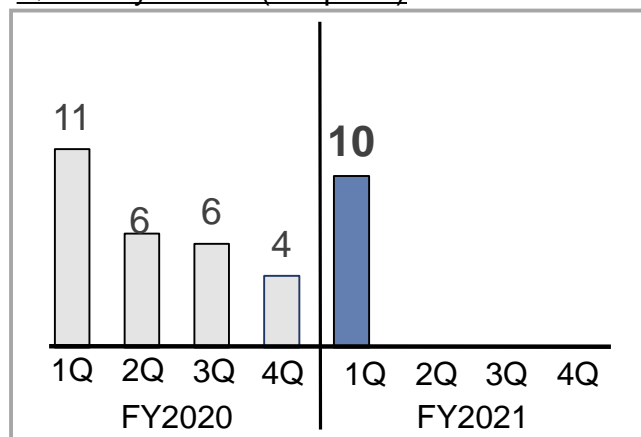
Profit decreased given a decline in earnings of associates accounted for by the equity method.



(100 million yen)

	FY2020 1Q Results	FY2021 1Q Results	Changes	Major factors for increase/decrease (Net profit)	FY2021 Plan	Achievement rate
Gross profit	27	27	0	Among electricity retail sales, high-voltage power sales volume increased year on year with a rise in the number of contracts for high-voltage power for corporate use. Low-voltage power sales volume increased year on year due to a rise in the number of low voltage power contracts, mainly for household use. The amount of heat supplied in the heat provision business remained almost unchanged from the year-ago level. Profit decreased due to a decline in earnings of associates accounted for by the equity method.		
Selling, general and administrative expenses	-12	-13	-1			
Operating profit	15	16	+1			
Share of profit (loss) of investments accounted for using the equity method	3	2	-1			
Net profit	11	10	-1		39	25%

Quarterly results (net profit)



Profit (loss) of major affiliates

	FY2020 1Q Results	FY2021 1Q Results	Changes
ENEX Electric Power Group	5	3	-1
ENEX LIFE SERVICE	1	1	-0
Tokyo Toshi Service Company (The Company's equity 66.6%)	3	3	+0
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	2	2	+0

Sales volumes

	FY2020 1Q Results	FY2021 1Q Results	Changes	
Electricity Retail (GWh)*	509	542	+7%	
Breakdown	Sales of high voltages*	384	389	+1%
	Sales of low voltages*	125	154	+23%
Steam (thousand tons)	125	130	+4%	
Heat quantity (TJ)	237	237	-0%	

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

Appendix

Appendix

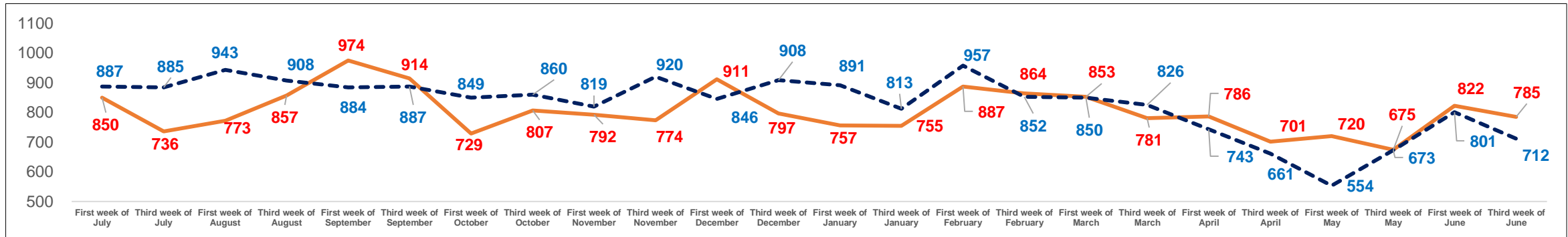
[Reference] Shipments of gasoline and diesel oil in Japan (national statistics)

* Created based on statistics from Petroleum Association of Japan

Weekly shipment volume of gasoline

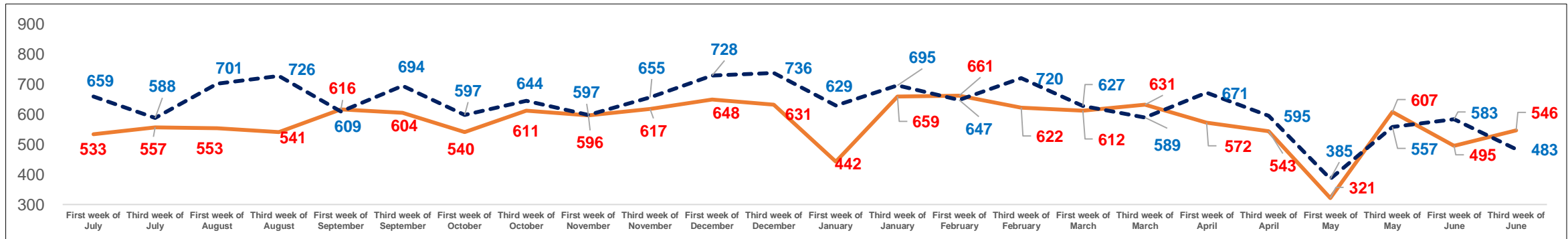
Unit: Thousand kiloliters

--- Year-ago value — Recent value



Weekly shipment volume of diesel oil

Unit: Thousand kiloliters



Appendix

[Reference] Monthly sales volume of LP gas (June to May, national statistics)

	June			July			August			September			October			November		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	449	454	+1%	497	451	-9%	437	412	-6%	438	401	-8%	514	526	+2%	608	616	+1%
For cars	48	31	-35%	50	37	-26%	52	35	-33%	47	35	-26%	47	36	-23%	46	33	-28%
Total	497	485	-2%	547	488	-11%	489	447	-9%	485	436	-10%	561	562	+0%	654	649	-1%

Unit: Thousand tons

	December			January			February			March			April			May			Total		
	2019	2020	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	804	828	+3%	780	813	+4%	747	736	-1%	749	764	+2%	646	616	-5%	513	522	+2%	7,231	7,130	-1%
For cars	51	37	-27%	45	29	-36%	42	27	-36%	41	31	-24%	29	30	+3%	22	26	+18%	545	383	-26%
Total	855	865	+1%	825	842	+2%	789	763	-3%	790	795	+1%	675	646	-4%	535	548	+2%	7,776	7,513	-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) (July to June, national statistics)

	July			August			September			October			November			December		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
Standard-sized and compact cars	258	207	-20%	202	169	-16%	300	252	-16%	165	221	+35%	206	219	+6%	195	211	+8%
<i>Kei</i> cars	121	123	+2%	115	101	-12%	159	138	-13%	95	118	+24%	110	118	+7%	90	105	+17%
Total	379	330	-13%	317	270	-15%	459	390	-15%	260	339	+30%	316	337	+7%	285	316	+11%

Unit: Thousand tons

	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 before last	Last one year	Changes
Standard-sized and compact cars	193	208	+8%	233	227	-3%	322	329	+2%	145	183	+26%	124	166	+34%	182	198	+9%	2,525	2,590	+3%
<i>Kei</i> cars	108	116	+7%	129	135	+5%	163	181	+11%	75	106	+42%	51	96	+89%	102	99	-3%	1,317	1,436	+9%
Total	301	324	+8%	362	362	+0%	485	510	+5%	220	289	+32%	175	282	+50%	284	297	+4%	3,842	4,026	+5%

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

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