

ITOCHU ENEX CO., LTD.

(TSE Prime, 8133)

FY2023 Financial Results for First Three Months

July 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 Three Months of FY2023

- **Quarterly net profits** increased 0.7 billion yen year on year, to **5.1 billion yen**.
- Despite a negative impact on Home-Life, the brisk performance of the car dealer business and a temporary gain on the sale of a mega solar power plant resulted in profit growth.

Net sales

214.7 billion yen (-12.5% year on year)

Operating profit

9.2 billion yen (+62.3% year on year)

Gross profit

21.1 billion yen (-5.6% year on year)

Net profit

5.1 billion yen (+15.7% year on year)

◇ **Overview of Consolidated Financial Results
for First Three Months of FY2023**

(1) Overview of the Entire Company

(2) Overview by Segment

◇ **Appendix**

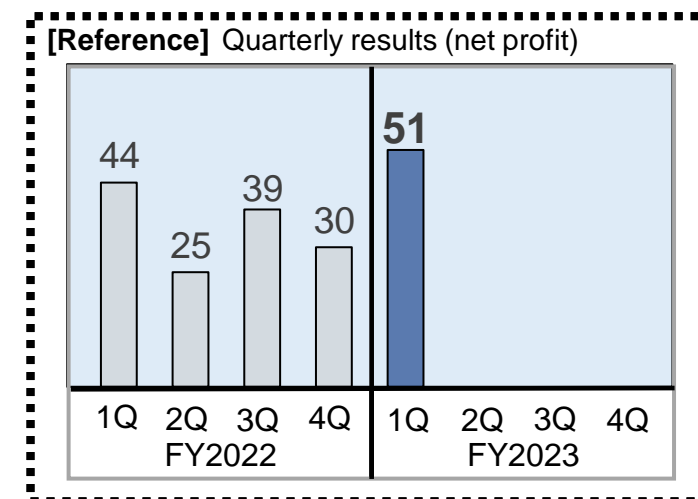
Overview of Consolidated Financial Results for First Three Months of FY2023 (1) Overview of the Entire Company

Summary of Financial Results for 1Q/FY2023

Despite a negative impact on Home-Life, the sale of a mega solar power plant and other factors led to profit growth.

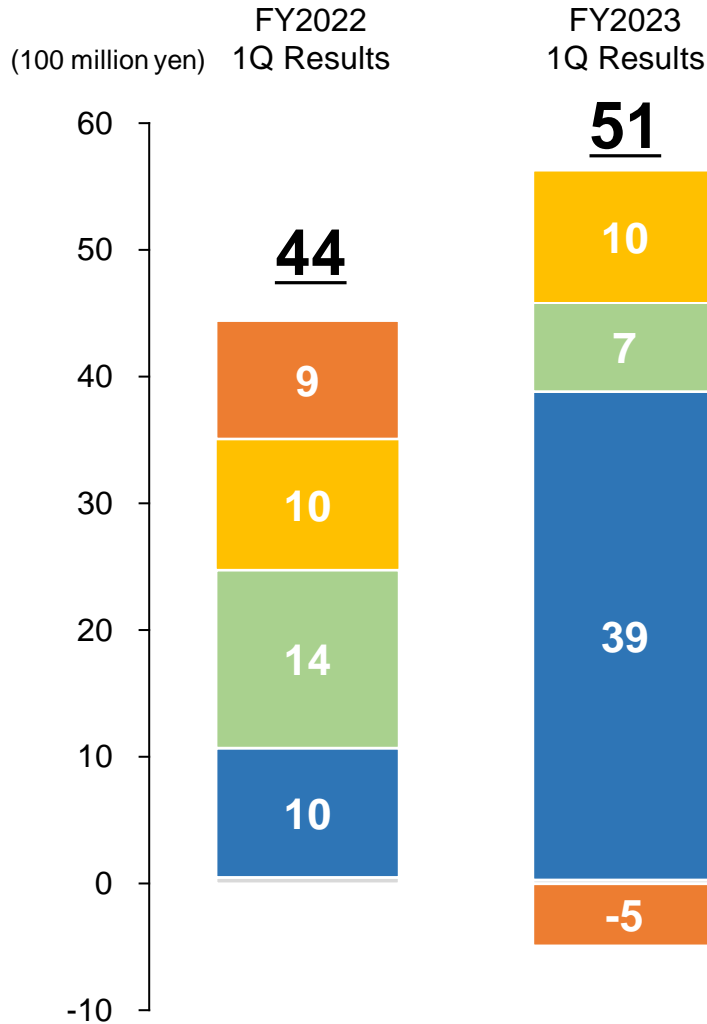
| (100 million yen) | FY2022 1Q Results | FY2023 1Q Results | Changes | FY2023 Plan | Achievement rate |
|--|----------------------|----------------------|---------|-------------|------------------|
| Net sales | 2,454 | 2,147 | -306 | 12,000 | 18% |
| Gross profit | 224 | 211 | -12 | | |
| Selling, general and administrative expenses | -167 | -171 | -4 | | |
| Operating profit | 57 | 92 | +35 | 209 | 44% |
| Share of profit (loss) of investments accounted for using equity method | 13 | -3 | -16 | | |
| Net profit | 44 | 51 | +7 | 135 | 38% |
| Ratio of SG&A expenses to gross profit | 74.7% | 81.1% | +6.5 pt | | |

- Quarterly net profits increased 0.7 billion yen year on year, to 5.1 billion yen.
- In Home-Life, a fall in the LP gas import price led to a negative impact from fluctuations in inventory unit prices on margins. Meanwhile, the car dealer business in Car-Life showed strength. In Power & Utility, there was a temporary gain on the sale of a mega solar power plant. Profit growth was consequently attained.
- The annual dividend is planned to be 52 yen (interim dividend of 26 yen and year-end dividend of 26 yen).



Net Profit by Segment

The gain on the sale of mega solar power plant absorbed the negative impact on Home-Life to result in profit growth.



Major factors for increase/decrease

Home-Life (YoY: -¥1,400 million, Percent of the plan achieved: -18%)

Profit slid due to a fall in the LP gas import price, which led to a negative impact from fluctuations in inventory unit prices on margins.

Car-Life (YoY: +¥0 million, Percent of the plan achieved: 23%)

Profit stayed flat year on year, after strong sales of new models absorbed the contraction of the margins of the CS retailing business*.

Industrial Business (YoY: -¥700 million, Percent of the plan achieved: 22%)

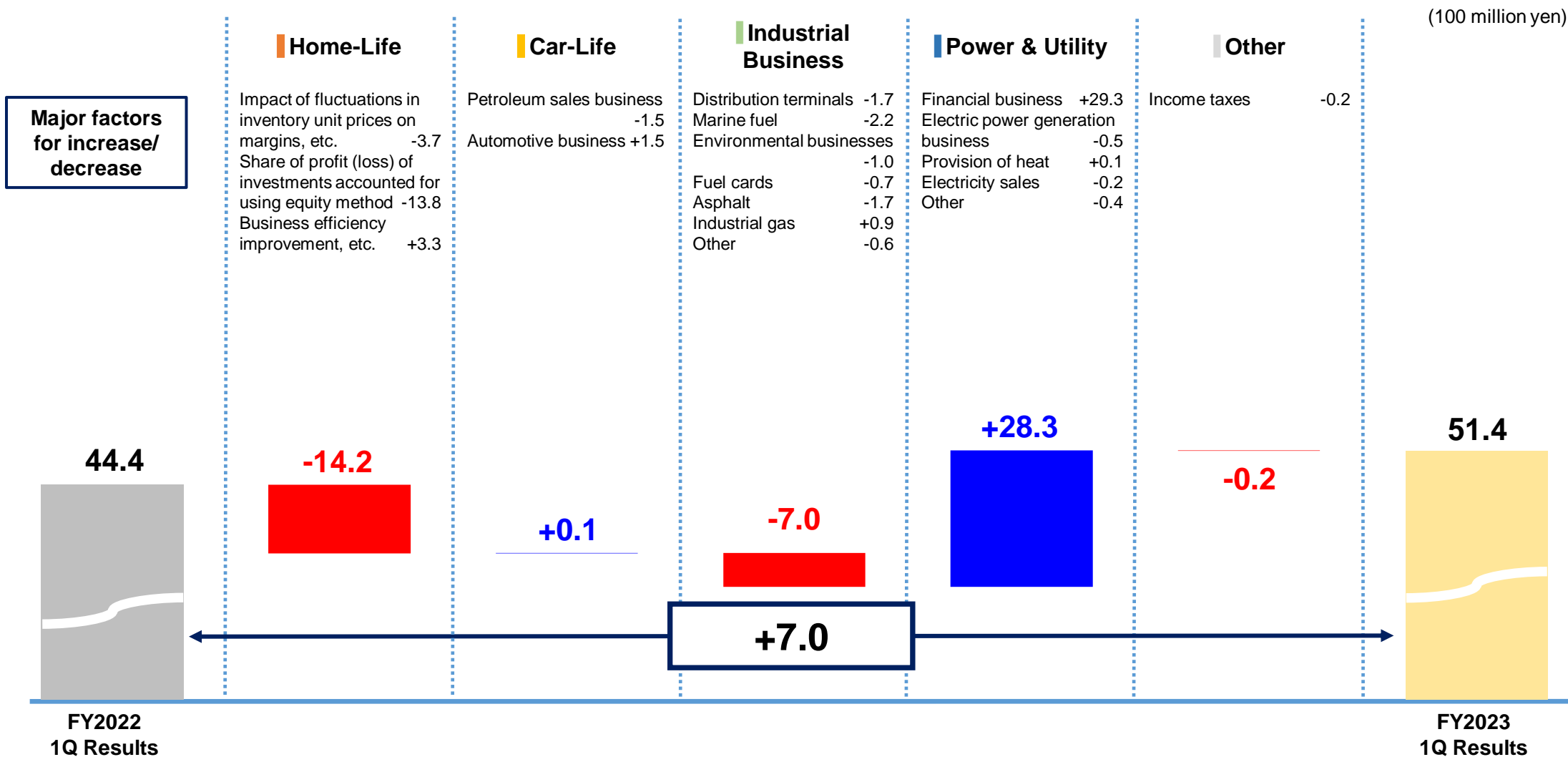
Profit tumbled due to a reactionary fall in the marine fuel sales business, which had been buoyant in the same period in the previous fiscal year.

Power & Utility (YoY: +¥2,800 million, Percent of the plan achieved: 106%)

Profit surged on a temporary gain on the sale of a mega solar power plan.

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

Analysis of Net Profit by Segment

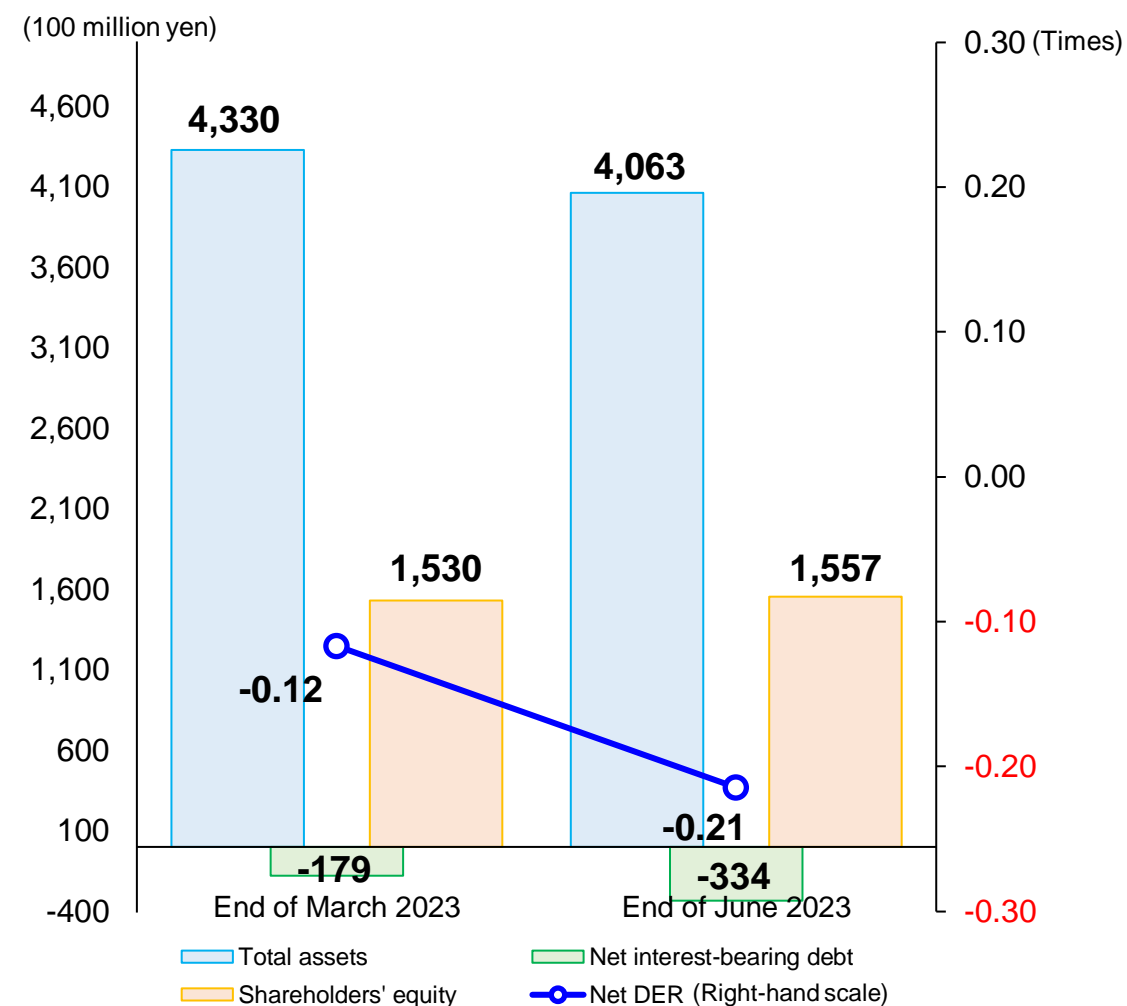


Financial Position

Total assets decreased mainly due to divestment of mega solar power plants.

- ❑ **Total assets:** Decreased 26.7 billion yen from the end of the previous fiscal year to **406.3 billion yen**, mainly due to the divestment of mega solar power plants.
- ❑ **Shareholders' equity:** Increased **2.7 billion yen** from the end of the previous year to **155.7 billion yen**, mainly reflecting a rise in net profit.
- ❑ **Net DER:** Decreased 0.10 percentage points from the end of the previous fiscal year to **-0.21**, reflecting the repayment of borrowings associated with the sale of a mega solar power plant.

| | (100 million yen) | | |
|--|---------------------------|--------------------------|----------------|
| | End of March 2023 Results | End of June 2023 Results | Changes |
| Total assets | 4,330 | 4,063 | -267 |
| Net interest-bearing debt | -179 | -334 | -155 |
| Shareholders' equity | 1,530 | 1,557 | +27 |
| Ratio of shareholders' equity to net assets | 35.3% | 38.3% | +3.0 pt |
| Net DER | -0.12 | -0.21 | -0.10 |



Cash Flows

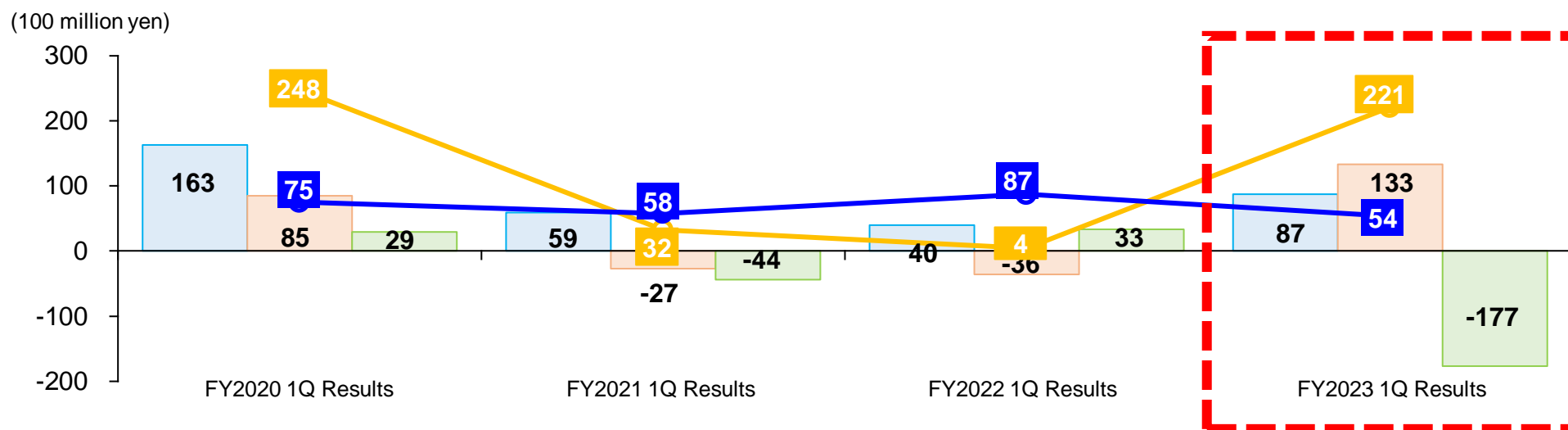
Continued to create ample cash flows from operating activities. Cash flows from financing activities decreased mainly due to repayments of borrowings.

| Cash Flows | FY2020 1Q Results | FY2021 1Q Results | FY2022 1Q Results | FY2023 1Q Results |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities | 163 | 59 | 40 | 87 |
| Cash flows from investing activities | 85 | -27 | -36 | 133 |
| (Free cash flows) | 248 | 32 | 4 | 221 |
| Cash flows from financing activities | 29 | -44 | 33 | -177 |

Substantive cash flows

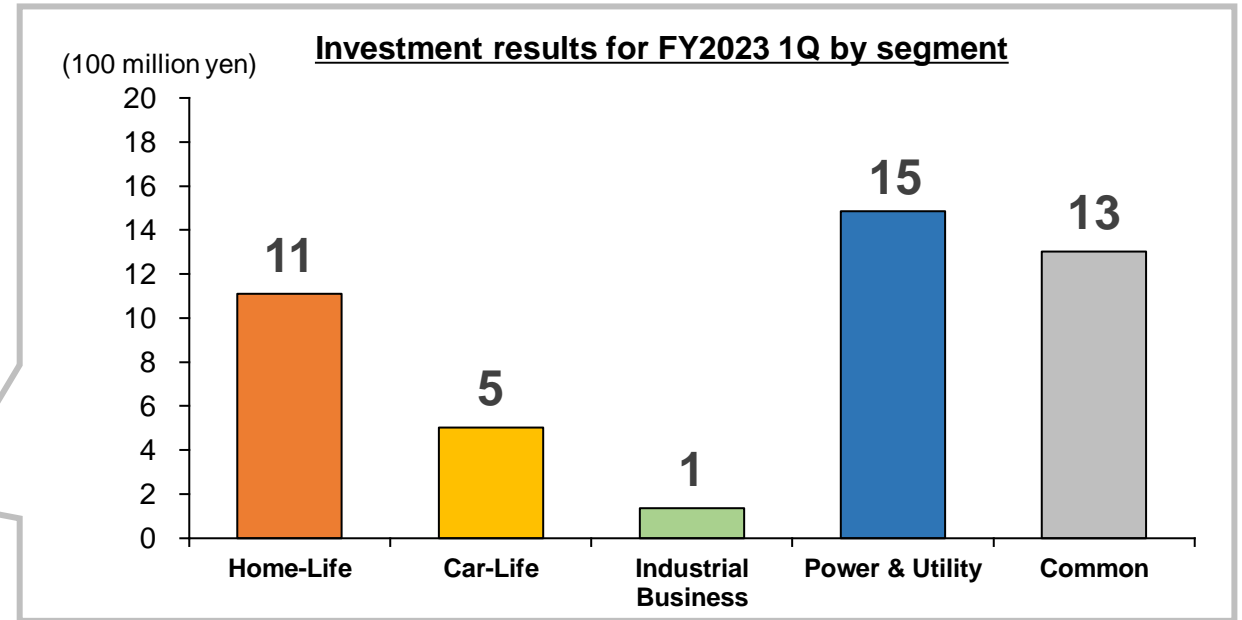
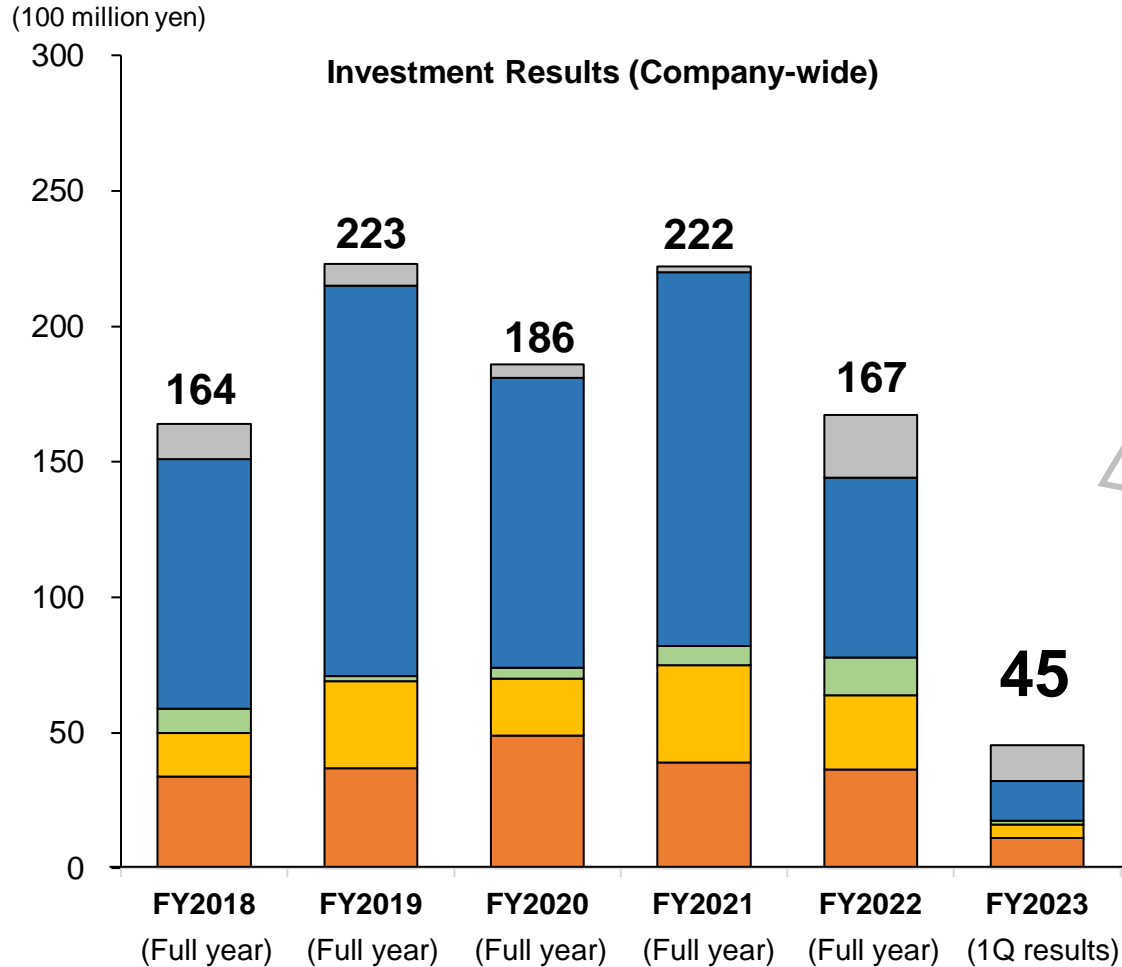
| | | | | |
|--------------------------------------|----|----|----|----|
| Substantive operating cash flows (*) | 75 | 58 | 87 | 54 |
|--------------------------------------|----|----|----|----|

(*) Operating CF – Increase/decrease in working capital



Investment Trends

Actions started for facility maintenance and the acquisition of business rights.



Major new and strategic investment results

| | |
|---------------------|---|
| Home-Life | Acquisition of business rights, launch of the food delivery business, LPWA(*), etc. |
| Car-Life | Related to commissioned sales of agricultural produce and others |
| Industrial Business | New construction of industrial gas-related facilities and others |
| Power & Utility | Business alliance, investment in solar power generation and renovation of gas-fired thermal power plants and others |
| Common | Construction of new core systems, building of training facilities, and others |

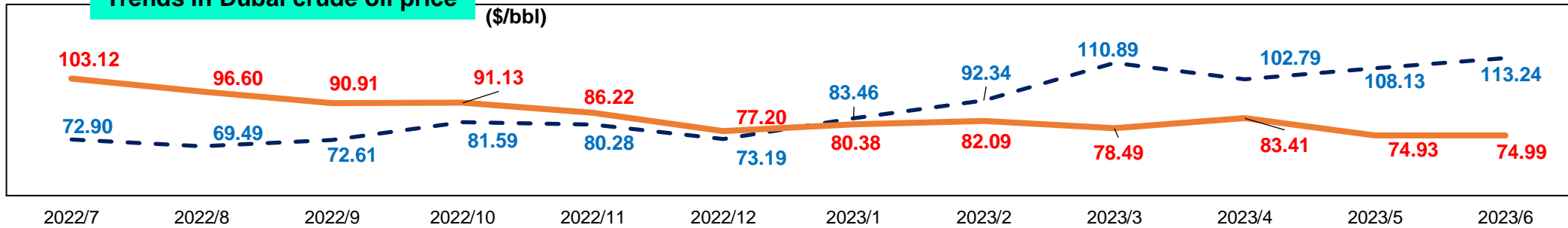
(*) Abbreviation for Low Power Wide Area. Communication method for achieving long-distance telecommunication with reduced power consumption.

(Reference) Market Trends

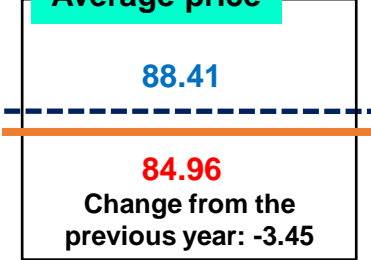
Crude oil and power prices were at low levels. CP prices dropped sharply year on year.

— Most recent 1 year (Jul. 2022 - Jun. 2023) - - - - - Year ago value

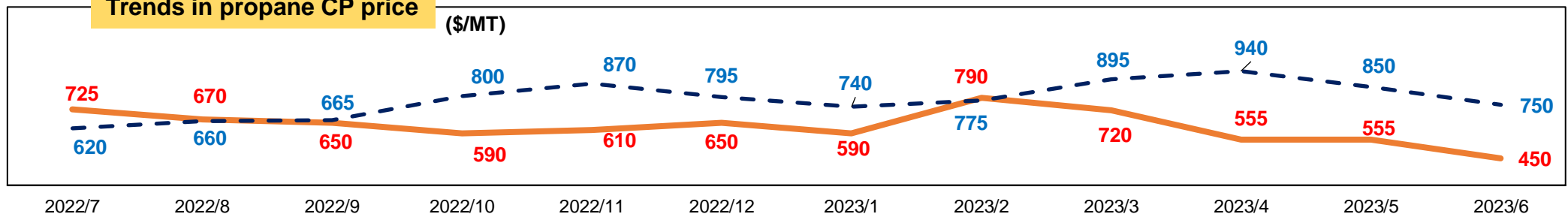
Trends in Dubai crude oil price



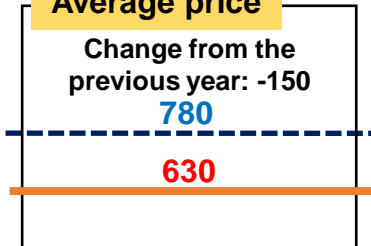
Average price



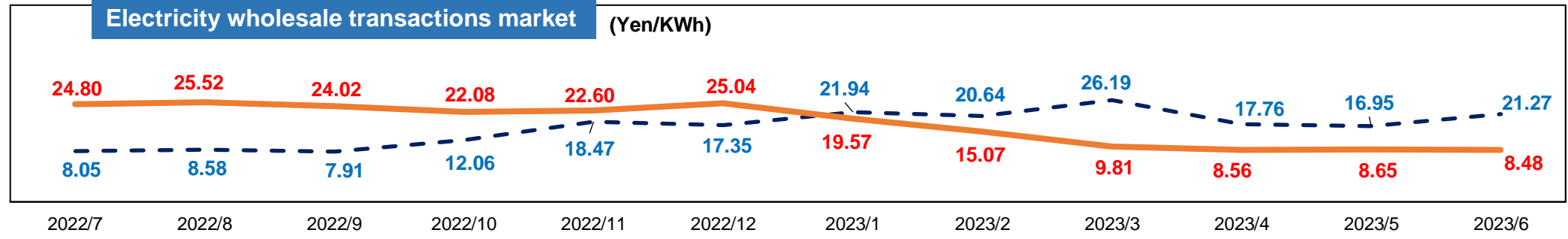
Trends in propane CP price



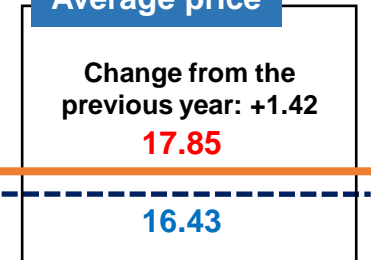
Average price



Electricity wholesale transactions market



Average price



Overview of Consolidated Financial Results for First Three Months of FY2023

(2) Overview by Segment

Results by Segment

(100 million yen)

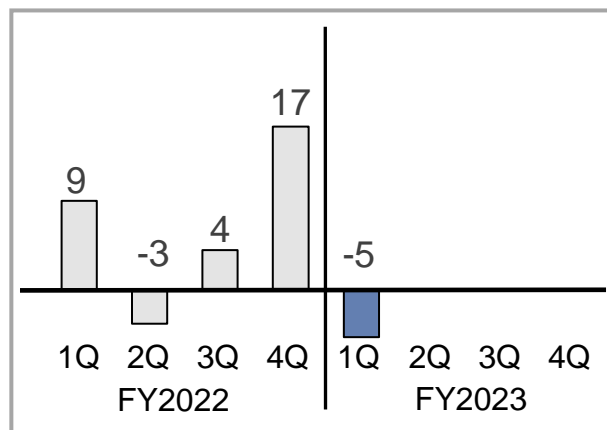
| | | FY2022 1Q Results | FY2023 1Q Results | Changes | Rate of change % | FY2023 Full-year plan | Achievement rate |
|------------------------|---------------------------|----------------------|----------------------|---------|---------------------|--------------------------|---------------------|
| Company-wide | Net sales | 2,454 | 2,147 | -306 | -12.5% | 12,000 | 18% |
| | Operating profit | 57 | 92 | +35 | +62.3% | 209 | 44% |
| | Net profit | 44 | 51 | +7 | +15.7% | 135 | 38% |
| Home-Life | Net sales | 196 | 157 | -39 | -19.9% | — | — |
| | Operating profit (losses) | 4 | -0 | -4 | -108.5% | — | — |
| | Net profit (losses) | 9 | -5 | -14 | -152.5% | 27 | -18% |
| Car-Life | Net sales | 1,321 | 1,392 | +71 | +5.4% | — | — |
| | Operating profit | 18 | 21 | +3 | +15.9% | — | — |
| | Net profit | 10 | 10 | +0 | +0.6% | 43 | 23% |
| Industrial Business | Net sales | 712 | 321 | -391 | -54.9% | — | — |
| | Operating profit | 20 | 10 | -11 | -52.3% | — | — |
| | Net profit | 14 | 7 | -7 | -50.1% | 31 | 22% |
| Power & Utility | Net sales | 224 | 277 | +53 | +23.7% | — | — |
| | Operating profit | 14 | 61 | +47 | +342.4% | — | — |
| | Net profit | 10 | 39 | +28 | +276.9% | 37 | 106% |

Home-Life

Profit decreased due to the impact of fluctuations in inventory unit prices on margins following a drop in the LP gas import price.

| | FY2022 1Q Results | FY2023 1Q Results | Changes | Major factors for increase/decrease (Net profit) | (100 million yen) | |
|---|----------------------|----------------------|---------|--|-------------------|---------------------|
| | | | | | FY2023 Plan | Achievement rate |
| Gross profit | 45 | 38 | -6 | The number of customers under direct contract rose approx. 2,000 from the end of the previous fiscal year, to approx. 567,000, reflecting the acquisition of new customers and business rights. The LP gas sales volume decreased slightly year on year because the average temperature was higher than in the same period of the previous year. Profit slid due to a fall in the LP gas import price, which led to a negative impact from fluctuations in inventory unit prices on margins. | | |
| Selling, general and administrative expenses | -41 | -40 | +1 | | | |
| Operating profit (losses) | 4 | -0 | -4 | | | |
| Share of profit (loss) of investments accounted for using equity method | 9 | -5 | -14 | | | |
| Net profit (losses) | 9 | -5 | -14 | | | 27 |

Quarterly results (net profit/losses)



Profit (loss) of major affiliates

| | FY2022 1Q Results | FY2023 1Q Results | Changes |
|--------------------------------------|----------------------|----------------------|---------|
| ITOCHU ENEX HOME-LIFE NISHI-NIHON | 2 | 1 | -0 |
| ECORE (The Company's equity 51%) | 2 | 1 | -1 |
| ENEARC (The Company's equity 50%) | 1 | -0 | -1 |

Number of customers (1,000)

| | End of March 2023 | End of June 2023 | Changes |
|--|----------------------|---------------------|---------|
| Number of customers under direct LP gas supply contracts | 565 | 567 | +2 |

Sales volumes

| | FY2022 1Q Results | FY2023 1Q Results | Changes |
|------------------------|----------------------|----------------------|---------|
| LP gas (thousand tons) | 106 | 102 | -4% |

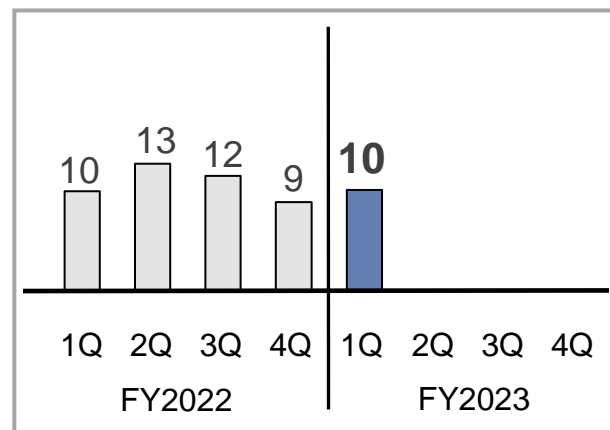
Car-Life

Profit stayed flat year on year, after strong sales of new models absorbed the contraction of margins in the CS retailing business.

| | FY2022 1Q Results | FY2023 1Q Results | Changes | Major factors for increase/decrease (Net profit) | FY2023 Plan | Achievement rate |
|---|----------------------|----------------------|---------|--|----------------|---------------------|
| Gross profit | 114 | 120 | +7 | The number of CS decreased by 8 from the end of the previous fiscal year to 1,602. The sales volume of oil products was higher than in the same period of the previous year as demand trended higher. The number of cars sold decreased year on year. While the number of new cars sold was buoyant, that of used cars sold fell. Profit remained unchanged year on year. The car dealer business achieved brisk new car sales to offset the contraction of margins in the CS retailing business. | | |
| Selling, general and administrative expenses | -98 | -101 | -3 | | | |
| Operating profit | 18 | 21 | +3 | | | |
| Share of profit (loss) of investments accounted for using equity method | 0 | 0 | +0 | | | |
| Net profit | 10 | 10 | +0 | | 43 | 23% |

(100 million yen)

Quarterly results (net profit)



Profit (loss) of major affiliates

| | FY2022 1Q Results | FY2023 1Q Results | Changes |
|---|----------------------|----------------------|---------|
| ENEX FLEET | 6 | 4 | -1 |
| Osaka Car Life Group (The Company's equity 51.95%) | 2 | 3 | +2 |

Sales volumes

| | FY2022 1Q Results | FY2023 1Q Results | Changes |
|----------------------------|----------------------|----------------------|---------|
| Gasoline (thousand KL) | 515 | 517 | +0% |
| Kerosene (thousand KL) | 68 | 87 | +28% |
| Diesel oil (thousand KL) | 577 | 664 | +15% |
| New cars (thousand units) | 6 | 6 | +2% |
| Used cars (thousand units) | 5 | 4 | -16% |

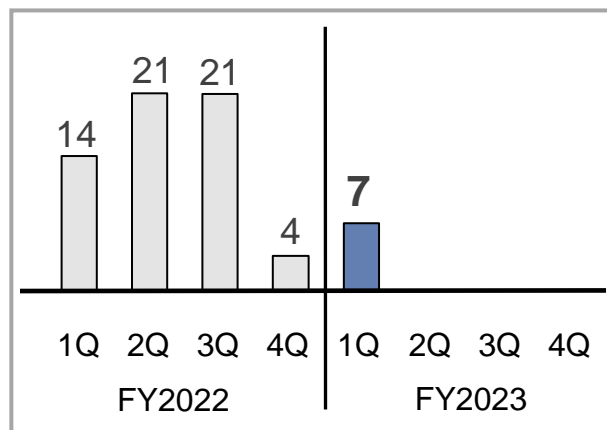
Industrial Business

Profit decreased following a reactionary fall in the marine fuel business, which was strong in the same period a year earlier.

(100 million yen)

| | FY2022 1Q Results | FY2023 1Q Results | Changes | Major factors for increase/ decrease (Net profit) | FY2023 Plan | Achievement rate |
|---|----------------------|----------------------|-----------|---|----------------|---------------------|
| Gross profit | 37 | 25 | -12 | <p>In the marine fuel business, the sales volume decreased year on year after a partial contraction of transactions for ocean-going vessels. In the AdBlue sales business, the sales volume was higher year on year, following good progress in the development of sales channels.</p> <p>Despite a brisk industrial gas business, profit slid due to the reactionary decline in the marine fuel business and in the distribution terminal business, both of which achieved strong performances in the same period in the preceding year.</p> | | |
| Selling, general and administrative expenses | -15 | -15 | -1 | | | |
| Operating profit | 20 | 10 | -11 | | | |
| Share of profit (loss) of investments accounted for using equity method | 0 | 0 | +0 | | | |
| Net profit | 14 | 7 | -7 | | | 31 |

Quarterly results (net profit)



Profit (loss) of major affiliates

| | FY2022 1Q Results | FY2023 1Q Results | Changes |
|-----------------------|----------------------|----------------------|---------|
| ITOCHU INDUSTRIAL GAS | 1 | 2 | +1 |

Sales volumes

| | FY2022 1Q Results | FY2023 1Q Results | Changes |
|--------------------------------|----------------------|----------------------|---------|
| Heavy fuel oil (thousand KL) | 473 | 256 | -46% |
| Asphalt (thousand tons) | 50 | 55 | +9% |
| Industrial gas (thousand tons) | 17 | 15 | -12% |
| AdBlue (thousand KL) | 22 | 26 | +18% |

Power & Utility

Profit surged on a temporary gain on the sale of a mega solar power plant.

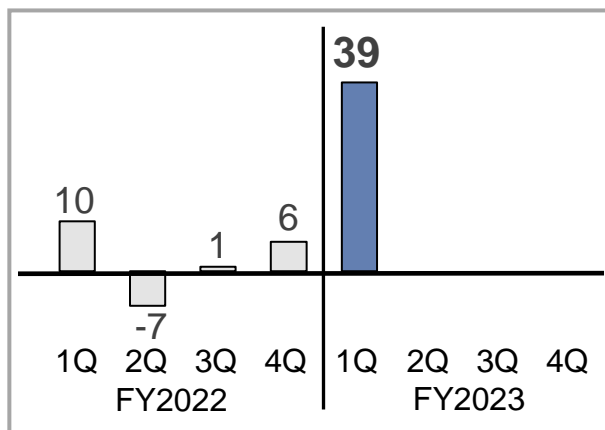
(100 million yen)

| | FY2022 1Q Results | FY2023 1Q Results | Changes |
|---|----------------------|----------------------|---------|
| Gross profit | 28 | 28 | -1 |
| Selling, general and administrative expenses | -14 | -17 | -2 |
| Operating profit | 14 | 61 | +47 |
| Share of profit (loss) of investments accounted for using equity method | 4 | 1 | -2 |
| Net profit | 10 | 39 | +28 |

| 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 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. In the heat provision business, the sales volume was slightly lower year on year after budget-minded behavior resulted in a decline in the use of air conditioning, although the average temperature was higher than in the same period in the previous year. Profit surged on a temporary gain on the sale of a mega solar power plant. |

| FY2023 Plan | Achievement rate |
|-------------|------------------|
| 37 | 106% |

Quarterly results (net profit)



| Profit (loss) of major affiliates | FY2022 1Q Results | FY2023 1Q Results | Changes |
|---|----------------------|----------------------|---------|
| ENEX Electric Power Group | 2 | 2 | -0 |
| ENEX LIFE SERVICE | 0 | 0 | +0 |
| Tokyo Toshi Service Company (The Company's equity 66.6%) | 2 | 2 | +0 |
| Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%) | 1 | 1 | -1 |

| Number of customers (in thousands) | End of March 2023 | End of June 2023 | Changes |
|--|-------------------|------------------|---------|
| Number of power supply destinations (company-wide total) | 334 | 324 | -10 |

| Sales volumes | FY2022 1Q Results | FY2023 1Q Results | Changes | |
|---------------------------|-------------------------|----------------------|---------|------|
| Electricity Retail (GWh)* | 485 | 419 | -14% | |
| Breakdown | Sales of high voltages* | 334 | 205 | -39% |
| | Sales of low voltages* | 151 | 214 | +42% |
| Steam (thousand tons) | 116 | 96 | -17% | |
| Heat quantity (TJ) | 245 | 241 | -2% | |

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

Appendix

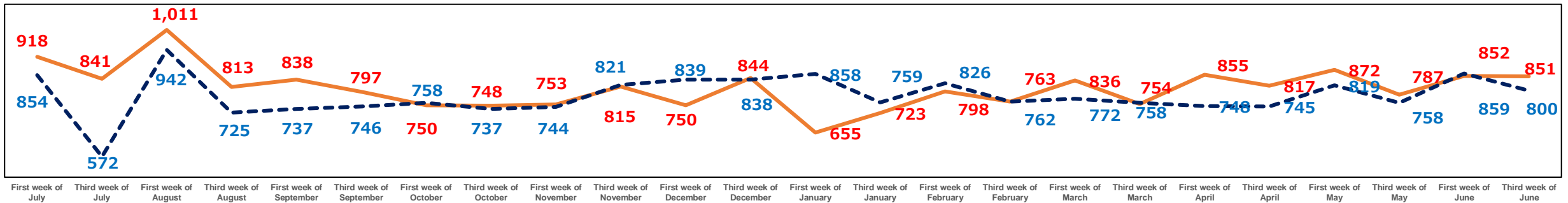
Appendix

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

Weekly shipment volume of gasoline

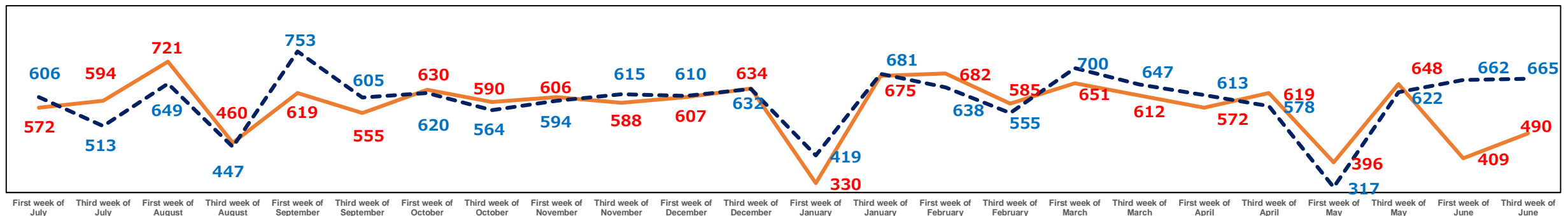
Unit: Thousand kiloliters

— Most recent 1 year (Jul. 2022 - Jun. 2023) - - - - 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 | | |
|--------------------------------|------|------|---------|------|------|---------|--------|------|---------|-----------|------|---------|---------|------|---------|----------|------|---------|
| | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes |
| For household and business use | 494 | 499 | +1% | 458 | 448 | △2% | 405 | 402 | △1% | 442 | 440 | △1% | 509 | 492 | △3% | 618 | 621 | +0% |
| For cars | 30 | 32 | +5% | 33 | 34 | +2% | 31 | 32 | +2% | 29 | 31 | +8% | 33 | 30 | △8% | 31 | 31 | △1% |
| Total | 524 | 530 | +1% | 491 | 482 | △2% | 436 | 434 | +0% | 471 | 471 | +0% | 542 | 523 | △4% | 649 | 652 | +0% |

| | December | | | January | | | February | | | March | | | April | | | May | | | Total | | |
|--------------------------------|----------|------|---------|---------|------|---------|----------|------|---------|-------|------|---------|-------|------|---------|------|------|---------|----------------|--------------------|---------|
| | 2021 | 2022 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | Year ago value | Most recent 1 year | Changes |
| For household and business use | 849 | 810 | △5% | 835 | 822 | △2% | 800 | 765 | △4% | 806 | 722 | △10% | 621 | 566 | △9% | 529 | 533 | +1% | 7,366 | 7,120 | △3% |
| For cars | 37 | 32 | △13% | 30 | 28 | △8% | 26 | 28 | +8% | 31 | 29 | △6% | 31 | 28 | △10% | 30 | 29 | △2% | 372 | 364 | △2% |
| Total | 886 | 843 | △5% | 865 | 850 | △2% | 826 | 793 | △4% | 837 | 751 | △10% | 652 | 594 | △9% | 559 | 563 | +1% | 7,738 | 7,484 | △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 | | |
|---------------------------------|------|------|---------|--------|------|---------|-----------|------|---------|---------|------|---------|----------|------|---------|----------|------|---------|
| | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes | 2021 | 2022 | Changes |
| Standard-sized and compact cars | 187 | 213 | △12% | 176 | 154 | △12% | 170 | 212 | +25% | 151 | 186 | +24% | 189 | 193 | +2% | 191 | 181 | △5% |
| Kei cars | 101 | 97 | +5% | 88 | 80 | △9% | 87 | 113 | +30% | 80 | 110 | +37% | 103 | 115 | +12% | 89 | 104 | +17% |
| Total | 309 | 288 | △7% | 264 | 234 | △11% | 257 | 325 | +26% | 230 | 296 | +28% | 292 | 308 | +6% | 280 | 284 | +1% |

| | January | | | February | | | March | | | April | | | May | | | June | | | Total | | |
|---------------------------------|---------|------|---------|----------|------|---------|-------|------|---------|-------|------|---------|------|------|---------|------|------|---------|----------------|--------------------|---------|
| | 2022 | 2023 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | 2022 | 2023 | Changes | Year ago value | Most recent 1 year | Changes |
| Standard-sized and compact cars | 182 | 202 | +11% | 185 | 237 | +28% | 285 | 330 | +16% | 154 | 193 | +26% | 136 | 180 | +32% | 170 | 227 | +34% | 2,199 | 2,481 | +13% |
| Kei cars | 91 | 118 | +30% | 105 | 120 | +14% | 142 | 148 | +4% | 91 | 96 | +6% | 75 | 92 | +22% | 98 | 105 | +7% | 1,146 | 1,302 | +14% |
| Total | 272 | 320 | +17% | 290 | 356 | +23% | 426 | 478 | +12% | 244 | 290 | +19% | 212 | 272 | +28% | 268 | 332 | +24% | 3,345 | 3,783 | +13% |

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

Contact

Investor Relations & Planning Section

Staff : Imaizumi or Nakamura

[E-MAIL] enex_irpr@itcenex.com

[TEL] +81-3-4233-8025 [FAX] + 81-3-4533-0103