

This document is an English translation of quarterly financial results report released on January 31, 2024 and written initially in Japanese.
The Japanese original should be considered as the primary version.



January 31, 2024

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2024 <under IFRSs>

Company name: **Itochu Enex Co., Ltd.**
 Listing: Tokyo Stock Exchange
 Stock code: 8133
 URL: <https://www.itcenex.com/english/>
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Scheduled date to file quarterly securities report: February 13, 2024

Scheduled date to commence dividend payments: –

Preparation of supplementary results briefing material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts rounded, unless otherwise noted)

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2024 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Revenue | | Profit from operating activities | | Profit before tax | | Net profit | | Net profit attributable to Itochu Enex's shareholders | | Comprehensive income | |
|-------------------|-----------------|-------|----------------------------------|-------|-------------------|-------|-----------------|-------|---|-------|----------------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended | | | | | | | | | | | | |
| December 31, 2023 | 709,374 | (7.0) | 22,490 | 32.7 | 22,842 | 26.4 | 15,528 | 24.1 | 13,236 | 22.6 | 16,321 | 23.4 |
| December 31, 2022 | 762,988 | 16.1 | 16,950 | (5.5) | 18,072 | (4.9) | 12,517 | (5.5) | 10,799 | (4.7) | 13,224 | (0.2) |

| | Basic earnings per share attributable to Itochu Enex's shareholders | Diluted earnings per share attributable to Itochu Enex's shareholders |
|-------------------|---|---|
| Nine months ended | Yen | Yen |
| December 31, 2023 | 117.27 | – |
| December 31, 2022 | 95.67 | – |

(2) Consolidated financial position

| | Total assets | Total equity | Total shareholders' equity | Ratio of shareholders' equity to total assets |
|-------------------|-----------------|-----------------|----------------------------|---|
| As of | Millions of yen | Millions of yen | Millions of yen | % |
| December 31, 2023 | 435,060 | 189,992 | 161,145 | 37.0 |
| March 31, 2023 | 433,024 | 180,328 | 152,961 | 35.3 |

2. Cash dividends

| | Annual cash dividends per share | | | | |
|------------------------------|---------------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen |
| March 31, 2023 | – | 24.00 | – | 26.00 | 50.00 |
| Fiscal year ending | – | 26.00 | – | | |
| March 31, 2024 | | | | | |
| Fiscal year ending | | | | 26.00 | 52.00 |
| March 31, 2024 (Forecast) | | | | | |

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024
(from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

| | Revenue | | Profit from operating activities | | Profit before tax | | Net profit attributable to Itochu Enex's shareholders | | Basic earnings per share attributable to Itochu Enex's shareholders |
|-----------------------------------|-----------------|-------|----------------------------------|-------|-------------------|-------|---|-------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending March 31, 2024 | 970,000 | (4.2) | 20,900 | (2.2) | 22,300 | (3.2) | 13,500 | (2.4) | 119.62 |

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- a. Changes in accounting policies required by IFRSs: None
- b. Changes in accounting policies other than the above: None
- c. Changes in accounting estimates: None

(3) Number of issued shares (common stock)

a. Total number of issued shares at end of period (including treasury stock)

| | |
|-------------------------|--------------------|
| As of December 31, 2023 | 116,881,106 shares |
| As of March 31, 2023 | 116,881,106 shares |

b. Number of treasury stock at end of period

| | |
|-------------------------|------------------|
| As of December 31, 2023 | 3,996,999 shares |
| As of March 31, 2023 | 4,025,827 shares |

c. Average number of outstanding shares during period (cumulative from the beginning of the fiscal year)

| | |
|---|--------------------|
| For the nine months ended December 31, 2023 | 112,869,674 shares |
| For the nine months ended December 31, 2022 | 112,879,862 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special notes

(Caution regarding forward-looking statements and others)

The forecasts and other forward-looking statements in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may significantly differ from these forecasts due to various factors.

Contents of Attached Materials

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1. Qualitative Information Regarding Results for the First Nine Months

(1) Explanation of Operating Results

1) Results of operations

During the nine months ended December 31, 2023, the outlook for the Japanese economy such as the heightening of geopolitical risks and the impact of foreign exchange rates was expected to remain uncertain going forward, although the high domestic prices of petroleum products, electricity and other energy have begun to settle.

Under these conditions, at the Itochu Enx Group, we have newly formulated our medium-term business plan “ENEX2030” in April 2023.

Overview of medium-term business plan

1. Name of the plan:

ENEX2030

To Create Driving Force Of Life

Striving for further growth and transformation through the provision of a range of energy and services for home life and industry

2. Period: Eight years (FY2023 to FY2030)

3. Overview of the Medium-Term Business Plan, ENEX2030:

1) Desired direction

(i) Strengthening onsite capabilities

- Enhancing the customer base and improving earnings capabilities in existing business
- Improving Group communication, building comprehensive strength, strengthening on-site capabilities

(ii) Accelerating investment

- Accelerating investment by developing a framework for promoting investment
- Making new and strategic investment of ¥210.0 billion

2) Management targets

(Financial Indicators)

(1) Net profit: ¥20.0 billion or more, (2) Substantive operating cash flows^(*): ¥45.0 billion, (3) ROE: 9.0% or more, (4) New / strategic investments (8-year total): ¥210.0 billion

(Non-financial Indicators)

(1) GHG emissions: 50% reduction or more (comparison with FY2018, Scopes 1 and 2), (2) Ratio of female hires: 30% or above, (3) Percentage of female managers: 10%, (4) Ratio of childcare leave taken by male employees: 80% or more

4. Overview of the Medium-Term Business Plan, ENEX2030 '23-'24 (2023-2024)

1) Positioning: Developing a framework for achieving growth strategies by strengthening onsite capabilities and revenue base, in preparation for realization of the 2030 Vision

2) Main initiatives: (i) Bolstering onsite capabilities (ii) Developing a framework for making investment (iii) Strengthening organizations and human resources

3) Management targets

(Financial Indicators)

(1) Net profit (FY2023/FY2024): ¥13.5 billion, (2) Substantive operating cash flows: ¥35.0 billion each fiscal year, (3) ROE (FY2023/FY2024): 8~9%, (4) Total amount of investments: ¥60.0 billion (of which CAPEX, ¥16.0 billion)

(Shareholder returns)

Enex will pay progressive dividends with a strong emphasis on a consolidated dividend payout ratio of 40% or more.

(*1) Substantive operating cash flows exclude working capital, etc. from cash flows from operating activities.

Under the new medium-term business plan described above, we have promoted our business. The operating results for the nine months ended December 31, 2023 are as follows.

| (Millions of yen) | | | |
|---|--|--|----------|
| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 | Change |
| Revenue | 762,988 | 709,374 | (53,614) |
| Profit from operating activities | 16,950 | 22,490 | 5,540 |
| Net profit attributable to Itochu Enex's shareholders | 10,799 | 13,236 | 2,437 |

Revenue was ¥709,374 million (down 7.0% year on year). This was mainly due to a decrease in selling prices resulting from lower crude oil and LP gas prices.

Profit from operating activities was ¥22,490 million (up 32.7% year on year). Net profit attributable to Itochu Enex's shareholders was ¥13,236 million (up 22.6% year on year). This was mainly due to contributions from the car dealer business as well as one-time profit from the sale of non-current assets due to asset turnover, despite the reactionary effect of the Industrial Business Division's strong performance in the same period of the previous fiscal year and the negative impact on profit margins from changes in unit inventory prices in the Home-Life Division.

2) Results of operations by segment

Results of operations by segment are as follows.

Home-Life Division

| (Millions of yen) | | | |
|---|--|--|---------|
| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 | Change |
| Revenue | 58,591 | 49,706 | (8,885) |
| Profit from operating activities | 561 | 345 | (216) |
| Net profit attributable to Itochu Enex's shareholders | 999 | 314 | (685) |

LP gas business: The number of customers under direct LP gas supply contracts increased by approximately 10,000 from the end of the previous fiscal year to approximately 574,000 as a result of acquiring new customers and sales rights in the LP gas business. LP gas sales volume decreased year on year mainly due to the impact of higher average temperatures year on year.

The operating results for the nine months ended December 31, 2023 are as follows.

Revenue was ¥49,706 million (down 15.2% year on year). This was mainly due to a decrease in selling prices caused by a drop in LP gas import prices year on year.

Profit from operating activities was ¥345 million (down 38.5% year on year). Net profit attributable to Itochu Enex's shareholders was ¥314 million (down 68.6% year on year). This was mainly due to the negative impact on profit margins from changes in unit inventory prices resulting from the decline in LP gas import prices.

Car-Life Division

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 | Change |
|---|--|--|--------|
| Revenue | 425,729 | 460,344 | 34,615 |
| Profit from operating activities | 6,716 | 10,345 | 3,629 |
| Net profit attributable to Itochu Enex's shareholders | 3,564 | 5,566 | 2,002 |

Car-Life Stations (CS)^(*2) business: The number of CS was 1,580, a decrease of 30 compared with the end of the previous fiscal year. Sales volumes of petroleum products increased year on year as demand for petroleum products showed a recovery trend due to the easing of the impact of the COVID-19 pandemic.

Automotive business: Our car dealer business subsidiary OSAKA CAR LIFE GROUP CO., LTD. experienced an increase in overall sales volume year on year due to strong performance in delivery of new cars resulting from a recovery of the semiconductor supply.

The operating results for the nine months ended December 31, 2023 are as follows.

Revenue was ¥460,344 million (up 8.1% year on year). This was mainly due to an increase in sales volumes of petroleum products.

Profit from operating activities was ¥10,345 million (up 54.0% year on year). Net profit attributable to Itochu Enex's shareholders was ¥5,566 million (up 56.2% year on year). This was mainly due to strong sales of new models in the car dealer business as well as one-time profit from the sale of the CS site (¥1,534 million impact on profit from operating activities).

(*2) Car-Life Stations: Car-Life Stations are service stations offering multiple services provided by the Company.

Industrial Business Division

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 | Change |
|---|--|--|----------|
| Revenue | 190,855 | 108,169 | (82,686) |
| Profit from operating activities | 7,978 | 3,708 | (4,270) |
| Net profit attributable to Itochu Enex's shareholders | 5,506 | 2,633 | (2,873) |

Marine fuel sales business: Sales volumes decreased year on year due to a partial reduction in transactions for ocean-going vessels.

Environmental businesses: Sales volumes of AdBlue^{®(*3)} increased year on year due to steady progress in developing sales channels.

Asphalt sales business: Sales volumes increased year on year due mainly to the acquisition of new commercial rights.

The operating results for the nine months ended December 31, 2023 are as follows.

Revenue was ¥108,169 million (down 43.3% year on year). This was mainly due to decreases in selling prices and sales volumes resulting from lower crude oil prices.

Profit from operating activities was ¥3,708 million (down 53.5% year on year). Net profit attributable to Itochu Enex's shareholders was ¥2,633 million (down 52.2% year on year). This was mainly due to the rebound of the distribution terminal business and marine fuel sales business, which were strong in the same period of the previous fiscal year, despite the strong performance of the asphalt sales business and industrial gas sales business.

(*3) AdBlue® is a world-standard High-Grade Aqueous Urea used in the decomposition and detoxification of diesel exhaust. (AdBlue® is a registered trademark of Verband der Automobilindustrie e.V. (VDA).)

Power & Utility Division

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 | Change |
|---|--|--|--------|
| Revenue | 87,813 | 91,155 | 3,342 |
| Profit from operating activities | 1,134 | 7,403 | 6,269 |
| Net profit attributable to Itochu Enex's shareholders | 418 | 4,367 | 3,949 |

Electricity power retail business: Although sales volume in low-voltage sales increased year on year due to the acquisition of new contracts, total sales volume decreased year on year^(*4) due to a focus on profitability management in high-voltage sales. The number of customers for electricity retail for the entire Group was 319,000 (down approximately 14,000 from the end of the previous fiscal year).

Heat supply business^(*5): Heat sales volume increased year on year due to an increase in air conditioning use in conjunction with higher average temperatures year on year.

The operating results for the nine months ended December 31, 2023 are as follows.

Revenue was ¥91,155 million (up 3.8% year on year).

Profit from operating activities was ¥7,403 million (profit of ¥1,134 million for the same period of the previous fiscal year). Net profit attributable to Itochu Enex's shareholders was ¥4,367 million (profit of ¥418 million for the same period of the previous fiscal year). This was mainly due to improvements in the electricity power retail business due to selling price revisions and a one-time profit from the sale of a large-scale solar power plant (mega solar power plant) (¥5,019 million impact on profit from operating activities).

(*4) Sales volume of electricity power retail business includes brokerage volume for both high voltage and low voltage.

(*5) Heat supply business: The heat supply business supplies cold and hot water for air conditioning to multiple office buildings and other buildings from a heat source plant using pipes.

(2) Explanation of Financial Position

Assets, liabilities and equity

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 | Change |
|-------------------|----------------------|-------------------------|---------|
| Total assets | 433,024 | 435,060 | 2,036 |
| Total liabilities | 252,696 | 245,068 | (7,628) |
| Total equity | 180,328 | 189,992 | 9,664 |

Total assets amounted to ¥435,060 million as of December 31, 2023, an increase of ¥2,036 million from March 31, 2023. This was mainly due to an increase in trade receivables of ¥4,452 million resulting from an increase in sales volumes due to seasonal items. Total liabilities amounted to ¥245,068 million, a decrease of ¥7,628 million from March 31, 2023. This was mainly due to a decrease in bonds and borrowings of ¥11,278 million. Total equity totaled ¥189,992 million, an increase of ¥9,664 million from March 31, 2023, due to factors including an increase of ¥13,236 million from net profit attributable to Itochu Enex's shareholders and a decrease of ¥6,689 million by payment of cash dividends.

Cash flows

The Group maintained an operating structure capable of aggressively promoting investment to expand peripheral businesses and develop new business areas, using the cash flow generated from its core businesses.

With respect to financing capacity for the time being, we have sufficiently secured account overdraft facilities and commercial paper issuance facilities, in addition to maintaining ample cash and cash equivalents. Moreover, we have maintained healthy levels of debt thus far, which is currently reflected by our net debt-equity ratio (net DER) of negative 0.11 times.

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 | Change |
|--|-------------------------------------|-------------------------------------|---------|
| Net cash provided by operating activities | 22,747 | 20,359 | (2,388) |
| Net cash used in investing activities | (9,559) | (4,555) | 5,004 |
| [Free cash flows] | [13,188] | [15,804] | [2,616] |
| Net cash used in financing activities | (30,863) | (26,852) | 4,011 |
| Net decrease in cash and cash equivalents | (17,675) | (11,048) | 6,627 |
| Effect of exchange rate changes on cash and cash equivalents | (16) | 25 | 41 |
| Cash and cash equivalents at the end of the period | 20,454 | 20,990 | 536 |

Cash and cash equivalents (net cash) totaled ¥20,990 million as of December 31, 2023, down ¥11,023 million from March 31, 2023.

Cash flows from operating activities

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 | Change |
|---|--|--|---------|
| Net cash provided by operating activities | 22,747 | 20,359 | (2,388) |
| Changes in working capital and others | (5,323) | (1,188) | 4,135 |
| Substantive operating cash flow ^(*6) | 28,070 | 21,547 | (6,523) |

(*6) Net cash from operating activities minus working capital and others (decrease (increase) in trade receivables, decrease (increase) in inventories, increase (decrease) in trade payables, other – net).

Operating activities provided net cash of ¥20,359 million. Major items included profit before tax of ¥22,842 million, depreciation and amortization of ¥15,745 million, gain from tangible assets, intangible assets and goodwill of ¥6,155 million, and income taxes paid of ¥11,299 million. Net cash from operating activities decreased by ¥2,388 million year on year. Moreover, substantive operating cash flow decreased by ¥6,523 million year on year.

Cash flows from investing activities

The Group has always made investments with an awareness of capital efficiency based on our investment strategy.

Investing activities used net cash of ¥4,555 million. This was mainly due to proceeds from sales of property, plant and equipment and investment property, mainly a large-scale solar power plant (mega solar power plant) of ¥26,934 million, payments resulting from an increase in deposits of excess funds paid to the parent of ¥20,000 million, payments for purchase of property, plant and equipment and investment property of ¥7,671 million, and purchase of intangible assets of ¥4,007 million. Net cash from investing activities increased by ¥5,004 million year on year.

Cash flows from financing activities

The Group aims to streamline Group-wide financing activities to enhance our corporate value, and is strengthening financial management through the Group Financial System^(*7).

Financial activities used net cash of ¥26,852 million. This was mainly due to repayments of bonds and borrowings of ¥11,220 million, repayments of lease liabilities of ¥8,425 million, and cash dividends paid to Itochu Enex's shareholders of ¥5,876 million. Net cash from financing activities increased by ¥4,011 million year on year.

(*7) The Group Financial System streamlines fund management and procurement costs by sharing funds within the Group.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereo

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|-------------------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 32,013 | 20,990 |
| Trade receivables | 115,920 | 120,372 |
| Other current financial assets | 14,251 | 36,161 |
| Inventories | 26,176 | 31,520 |
| Income taxes receivable | 100 | 323 |
| Trade advances paid | 907 | 531 |
| Other current assets | 1,774 | 2,041 |
| Total current assets | 191,141 | 211,938 |
| Non-current assets | | |
| Investments accounted for by the equity method | 31,762 | 33,079 |
| Other investments | 3,442 | 4,753 |
| Non-current financial assets other than investments | 11,508 | 8,697 |
| Property, plant and equipment | 149,920 | 128,573 |
| Investment property | 12,732 | 12,912 |
| Goodwill | 521 | 521 |
| Intangible assets | 20,237 | 21,704 |
| Deferred tax assets | 9,354 | 11,350 |
| Other non-current assets | 2,407 | 1,533 |
| Total non-current assets | 241,883 | 223,122 |
| Total assets | 433,024 | 435,060 |

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|-------------------------|----------------------------|
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Short-term bonds and borrowings | 7,026 | 1,849 |
| Trade payables | 114,818 | 128,796 |
| Lease liabilities | 10,415 | 8,957 |
| Other current financial liabilities | 5,134 | 4,588 |
| Income taxes payable | 4,748 | 2,981 |
| Advances from customers | 11,031 | 9,902 |
| Other current liabilities | 12,951 | 9,002 |
| Total current liabilities | 166,123 | 166,075 |
| Non-current liabilities | | |
| Non-current bonds and borrowings | 7,101 | 1,000 |
| Lease liabilities | 47,263 | 46,049 |
| Other non-current financial liabilities | 15,454 | 15,422 |
| Non-current liabilities for employee benefits | 10,344 | 10,568 |
| Deferred tax liabilities | 759 | 993 |
| Provisions | 5,515 | 4,800 |
| Other non-current liabilities | 137 | 161 |
| Total non-current liabilities | 86,573 | 78,993 |
| Total liabilities | 252,696 | 245,068 |
| Equity | | |
| Common stock | 19,878 | 19,878 |
| Capital surplus | 19,014 | 19,016 |
| Retained earnings | 115,899 | 123,191 |
| Other components of equity | 66 | 926 |
| Treasury stock | (1,896) | (1,866) |
| Total shareholders' equity | 152,961 | 161,145 |
| Non-controlling interests | 27,367 | 28,847 |
| Total equity | 180,328 | 189,992 |
| Total liabilities and equity | 433,024 | 435,060 |

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 |
|---|--|--|
| Revenue | 762,988 | 709,374 |
| Cost of sales | (695,903) | (642,702) |
| Gross profit | 67,085 | 66,672 |
| Other income and expense | | |
| Selling, general and administrative expenses | (50,209) | (51,091) |
| Gain (loss) from tangible assets, intangible assets and goodwill | (258) | 6,155 |
| Other – net | 332 | 754 |
| Total other income and expense | (50,135) | (44,182) |
| Profit from operating activities | 16,950 | 22,490 |
| Financial income and costs | | |
| Interest income | 32 | 66 |
| Dividends received | 57 | 114 |
| Interest expense | (601) | (513) |
| Other financial income and costs – net | 16 | (380) |
| Total financial income and costs | (496) | (713) |
| Share of profit of investments accounted for by the equity method | 1,618 | 1,065 |
| Profit before tax | 18,072 | 22,842 |
| Income tax expense | (5,555) | (7,314) |
| Net profit | 12,517 | 15,528 |
| Net profit attributable to: | | |
| Net profit attributable to Itochu Enex's shareholders | 10,799 | 13,236 |
| Net profit attributable to non-controlling interests | 1,718 | 2,292 |
| Total | 12,517 | 15,528 |

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 |
|--|--|--|
| Other comprehensive income, net of tax effect | | |
| Items that will not be reclassified to profit or loss | | |
| FVTOCI financial assets | (38) | 394 |
| Other comprehensive income of investments accounted for by the equity method | 35 | 144 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translating foreign operations | 2 | 10 |
| Cash flow hedges | – | 201 |
| Other comprehensive income of investments accounted for by the equity method | 708 | 44 |
| Total other comprehensive income, net of tax effect | 707 | 793 |
| Comprehensive income | 13,224 | 16,321 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to Itochu Enex's shareholders | 11,507 | 14,028 |
| Comprehensive income attributable to non-controlling interests | 1,717 | 2,293 |
| Total | 13,224 | 16,321 |

(Yen)

| | | |
|---|-------|--------|
| Earnings per share attributable to Itochu Enex's shareholders | | |
| Basic | 95.67 | 117.27 |
| Diluted | – | – |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 2022

(Millions of yen)

| | Shareholders' equity | | | | | | Non-controlling interests | Total equity |
|---|----------------------|-----------------|-------------------|----------------------------|----------------|----------------------------|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Other components of equity | Treasury stock | Total shareholders' equity | | |
| Balance at April 1, 2022 | 19,878 | 18,990 | 107,617 | (315) | (1,871) | 144,297 | 26,901 | 171,198 |
| Net profit | | | 10,799 | | | 10,799 | 1,718 | 12,517 |
| Other comprehensive income | | | | 708 | | 708 | (1) | 707 |
| Comprehensive income | | | 10,799 | 708 | | 11,507 | 1,717 | 13,224 |
| Transactions with owners | | | | | | | | |
| Cash dividends | | | (5,536) | | | (5,536) | (1,660) | (7,196) |
| Transfer from other components of equity to retained earnings | | | 11 | (11) | | - | | - |
| Purchase and disposal of treasury stock | | | | | (41) | (41) | | (41) |
| Share-based payments | | (1) | | | 17 | 16 | | 16 |
| Balance at December 31, 2022 | 19,878 | 18,989 | 112,890 | 382 | (1,895) | 150,244 | 26,958 | 177,202 |

Nine months ended December 31, 2023

(Millions of yen)

| | Shareholders' equity | | | | | | Non-controlling interests | Total equity |
|---|----------------------|-----------------|-------------------|----------------------------|----------------|----------------------------|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Other components of equity | Treasury stock | Total shareholders' equity | | |
| Balance at April 1, 2023 | 19,878 | 19,014 | 115,899 | 66 | (1,896) | 152,961 | 27,367 | 180,328 |
| Net profit | | | 13,236 | | | 13,236 | 2,292 | 15,528 |
| Other comprehensive income | | | | 792 | | 792 | 1 | 793 |
| Comprehensive income | | | 13,236 | 792 | | 14,028 | 2,293 | 16,321 |
| Transactions with owners | | | | | | | | |
| Cash dividends | | | (5,876) | | | (5,876) | (813) | (6,689) |
| Transfer from other components of equity to retained earnings | | | (68) | 68 | | - | | - |
| Purchase and disposal of treasury stock | | | | | (0) | (0) | | (0) |
| Share-based payments | | 2 | | | 30 | 32 | | 32 |
| Balance at December 31, 2023 | 19,878 | 19,016 | 123,191 | 926 | (1,866) | 161,145 | 28,847 | 189,992 |

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before tax | 18,072 | 22,842 |
| Depreciation and amortization | 16,718 | 15,745 |
| Loss (gain) from tangible assets, intangible assets and goodwill | 258 | (6,155) |
| Financial income and costs | 496 | 713 |
| Share of profit of investments accounted for by the equity method | (1,618) | (1,065) |
| Increase in trade receivables | (5,308) | (4,431) |
| Increase in inventories | (6,888) | (5,340) |
| Increase in trade payables | 11,158 | 13,955 |
| Other – net | (4,285) | (5,372) |
| Dividends received | 659 | 1,123 |
| Interest received | 32 | 65 |
| Interest expense | (582) | (422) |
| Income taxes paid | (6,083) | (11,299) |
| Income taxes refund | 118 | – |
| Net cash provided by operating activities | 22,747 | 20,359 |
| Cash flows from investing activities | | |
| Purchase of investments (including investments accounted for by the equity method) | (1,492) | (2,944) |
| Proceeds from sales and redemption of investments (including investments accounted for by the equity method) | 478 | 649 |
| Payment for loans receivable | (618) | (546) |
| Collection of loans receivable | 626 | 317 |
| Payments for purchase of property, plant and equipment and investment property | (9,528) | (7,671) |
| Proceeds from sales of property, plant and equipment and investment property | 309 | 26,934 |
| Purchase of intangible assets | (1,837) | (4,007) |
| Proceeds from sales of intangible assets | 7 | 282 |
| Increase in deposits paid – net | – | (20,000) |
| Other – net | 2,496 | 2,431 |
| Net cash used in investing activities | (9,559) | (4,555) |

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 |
|--|--|--|
| Cash flows from financing activities | | |
| Proceeds from bonds and borrowings | 50 | 500 |
| Repayments of bonds and borrowings | (14,936) | (11,220) |
| Repayments of lease liabilities | (8,760) | (8,425) |
| Net increase (decrease) in short-term borrowings | 20 | (635) |
| Cash dividends paid to Itochu Enex's shareholders | (5,536) | (5,876) |
| Cash dividends paid to non-controlling interests | (1,660) | (813) |
| Purchase of treasury stock | (41) | (0) |
| Other – net | – | (383) |
| Net cash used in financing activities | (30,863) | (26,852) |
| Net decrease in cash and cash equivalents | (17,675) | (11,048) |
| Cash and cash equivalents at the beginning of the period | 38,145 | 32,013 |
| Effect of exchange rate changes on cash and cash equivalents | (16) | 25 |
| Cash and cash equivalents at the end of the period | 20,454 | 20,990 |

(5) Notes on Uncertainties of Entity's Ability to Continue as Going Concern

No items to report.

(6) Segment Information

Nine months ended December 31, 2022

(Millions of yen)

| | Reportable segment | | | | Total | Adjustment | Consolidated |
|---|--------------------|-------------------|------------------------------|--------------------------|---------|------------|--------------|
| | Home-Life Division | Car-Life Division | Industrial Business Division | Power & Utility Division | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 58,591 | 425,729 | 190,855 | 87,813 | 762,988 | – | 762,988 |
| Intersegment revenue | 300 | 8,260 | 9,607 | 3,601 | 21,768 | (21,768) | – |
| Total revenue | 58,891 | 433,989 | 200,462 | 91,414 | 784,756 | (21,768) | 762,988 |
| Gross profit | 12,603 | 36,023 | 13,167 | 5,292 | 67,085 | – | 67,085 |
| Profit from operating activities | 561 | 6,716 | 7,978 | 1,134 | 16,389 | 561 | 16,950 |
| Profit before tax | 1,683 | 6,518 | 7,950 | 1,375 | 17,526 | 546 | 18,072 |
| Net profit attributable to Itochu Enex's shareholders | 999 | 3,564 | 5,506 | 418 | 10,487 | 312 | 10,799 |
| Other items | | | | | | | |
| Total assets | 69,791 | 168,485 | 69,088 | 121,017 | 428,381 | 13,700 | 442,081 |

(Note) Intersegment transactions have been decided by reference to the market price.

The adjustment of ¥312 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥13,700 million to total assets represents corporate assets not allocated to reportable segments.

Nine months ended December 31, 2023

(Millions of yen)

| | Reportable segment | | | | Total | Adjustment | Consolidated |
|---|--------------------|-------------------|------------------------------|--------------------------|----------------|-----------------|----------------|
| | Home-Life Division | Car-Life Division | Industrial Business Division | Power & Utility Division | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 49,706 | 460,344 | 108,169 | 91,155 | 709,374 | – | 709,374 |
| Intersegment revenue | 490 | 8,101 | 3,653 | 257 | 12,501 | (12,501) | – |
| Total revenue | 50,196 | 468,445 | 111,822 | 91,412 | 721,875 | (12,501) | 709,374 |
| Gross profit | 12,017 | 39,315 | 8,581 | 6,759 | 66,672 | – | 66,672 |
| Profit from operating activities | 345 | 10,345 | 3,708 | 7,403 | 21,801 | 689 | 22,490 |
| Profit before tax | 802 | 10,221 | 3,810 | 7,373 | 22,206 | 636 | 22,842 |
| Net profit attributable to Itochu Enex's shareholders | 314 | 5,566 | 2,633 | 4,367 | 12,880 | 356 | 13,236 |
| Other items | | | | | | | |
| Total assets | 70,560 | 176,186 | 63,477 | 85,871 | 396,094 | 38,966 | 435,060 |

(Note) Intersegment transactions have been decided by reference to the market price.

The adjustment of ¥356 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥38,966 million to total assets represents corporate assets not allocated to reportable segments.

As of March 31, 2023

(Millions of yen)

| | Reportable segment | | | | Total | Adjustment | Consolidated |
|--------------|--------------------|-------------------|------------------------------|--------------------------|---------|------------|--------------|
| | Home-Life Division | Car-Life Division | Industrial Business Division | Power & Utility Division | | | |
| Total assets | 69,824 | 163,242 | 57,633 | 114,113 | 404,812 | 28,212 | 433,024 |

(Note) The adjustment of ¥28,212 million to total assets represents corporate assets not allocated to reportable segments.

Change in reportable segments

In the first quarter of the current fiscal year, due to changes in commercial distribution and other factors, the Company reviewed the method of classifying its reportable segments and changed the classification of certain petroleum-related transactions that were included in the Industrial Business Division to the Car-Life Division and the classification of LNG-related transactions that were included in the Car-Life Division to the Industrial Business Division.

Due to the change in segments, segment information for the nine months ended December 31, 2022 and as of March 31, 2023 has been adjusted based on the classification of reportable segments after the change.