



Security Code

5020

May 11, 2023

ENEOS Holdings, Inc.

# FY2022 Financial Results and FY2023 Forecast

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# Highlights of Financial Results and Forecast

## FY2022 Financial Results (Apr. 2022 - Mar. 2023)

- **Inventory Valuation** : YoY -¥335.5bn due to reversal of positive inventory valuation impact in the last year
- **Operating Profit excl. inventory valuation** : YoY-¥169.1bn due to a decline in profits of energy and metals segments
  - ✓ **Energy** : While there were profit contributions such as improvement in clean oil margins, export margins<sup>1</sup> and the elastomers business acquired in FY2022, profits decreased due to a reversal of large positive time-lag<sup>2</sup> in the previous year, deterioration of petrochemicals market conditions, impairment loss in Electric Power business, etc.
  - ✓ **Natural Gas E&P** : While profits decreased owing to the sale of the U.K. business, profits increased due mainly to a rise in resource prices and the weak yen
  - ✓ **Metals** : While there is improvement owing to the weak yen, profits decreased due mainly to the valuation loss associated with the decision to sell the Caserones Copper Mine, a decline in copper price, etc.

1 Real basis margins excluding time-lag 2 FY2021: Positive ➔ FY2022: Negative

(¥bn)	FY2021 Actual	Changes	FY2022 Actual	Main Index	
				FY2021 Actual	FY2022 Actual
<b>Operating Income</b>	785.9	-504.6	<b>281.3</b>	Exchange rate ¥/\$	112 / 135
<b>Inventory valuation</b>	370.3	-335.5	<b>34.8</b>	Crude Oil (Dubai) \$/B	78 / 93
<b>Net Income</b> Attributable to owners of the parent	537.1	-393.3	<b>143.8</b>	Copper Price (LME) ¢/lb	440 / 388
<b>Operating Income</b> Excl. inventory valuation	415.6	-169.1	<b>246.5</b>	<p>Quarterly Profit / Loss of Energy Segment</p> <p>Operating Income excl. time-lag</p> <p>Operating Profit Time-lag (included number)</p> <p>FY2022</p>	
<b>Energy</b>	107.2	-91.0	<b>16.2</b>		
<b>Oil and Natural Gas E&amp;P</b>	97.0	+17.0	<b>114.0</b>		
<b>Metals</b>	158.2	-89.5	<b>68.7</b>		
<b>Other</b>	53.2	-5.6	<b>47.6</b>		

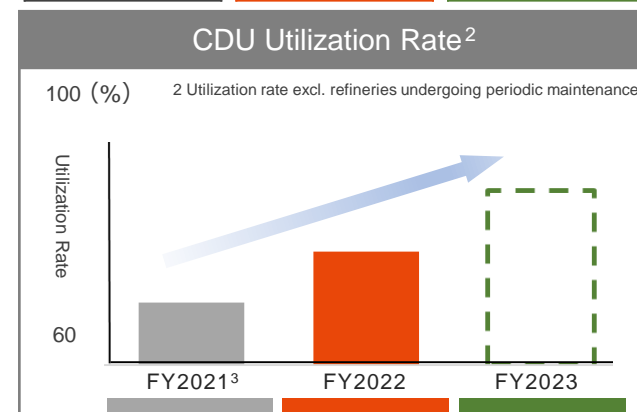
## FY2023 Forecast (Apr. 2023 - Mar. 2024)

- **Operating Income excl. inventory valuation:** Predicting increase of ¥93.5bn in profits due mainly to improvement in energy business
  - ✓ Energy : While expecting a decline in export market, predicting significant increase in profits due to volume increase of exports and improvement in production efficiency owing to recovery of refinery operation, elimination of negative time-lag<sup>1</sup> in the previous year
  - ✓ Oil & Natural Gas E&P: Predicting decrease in profits due mainly to expectation of a decline in resource prices and higher expenses
  - ✓ Metals: While expecting a decline in copper price, predicting increase in profits owing to a reversal of the Caserones valuation loss recorded in the previous year, etc.

<sup>1</sup> FY2022: Negative → FY2023: None

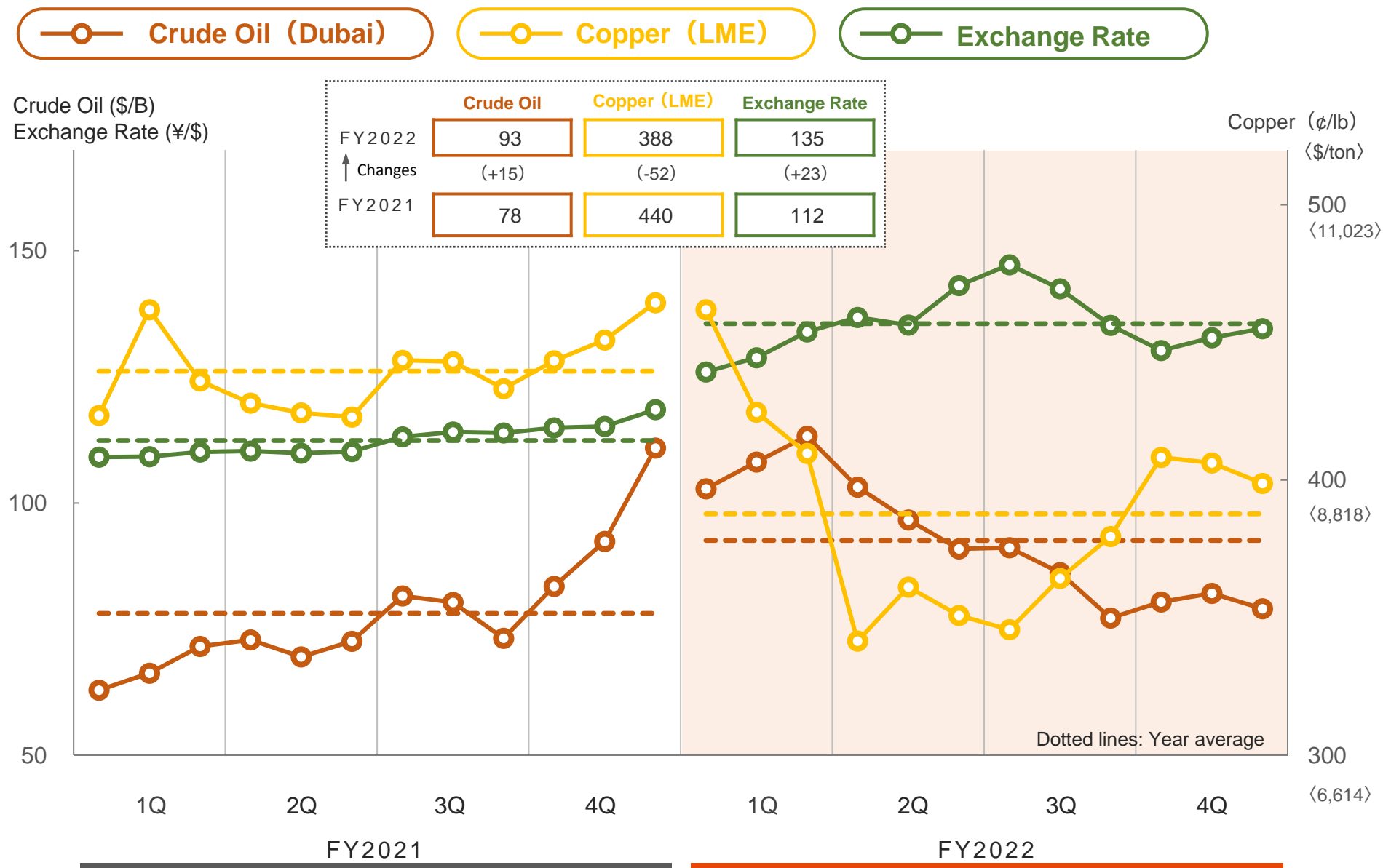
(¥bn)	<u>FY2022 Actual</u>	Changes	<u>FY2023 Forecast</u>
Operating Income	281.3	+ 58.7	340.0
Inventory valuation	34.8	-34.8	0.0
<hr/>			
■ Excl. inventory valuation			
■ Group Consolidated	246.5	+ 93.5	340.0
■ Energy	16.2	+ 143.8	160.0
■ Oil and Natural Gas E&P	114.0	-64.0	50.0
■ Metals	68.7	+21.3	90.0
■ Other	47.6	-7.6	40.0
■ Net Income Attributable to owners of the parent	96.6	+83.4	180.0

	Main Index	
	<u>FY2022 Actual</u>	<u>FY2023 Forecast</u>
Exchange rate ¥/\$	135	130
Crude Oil (Dubai) \$/B	93	80
Copper Price (LME) ¢/lb	388	360



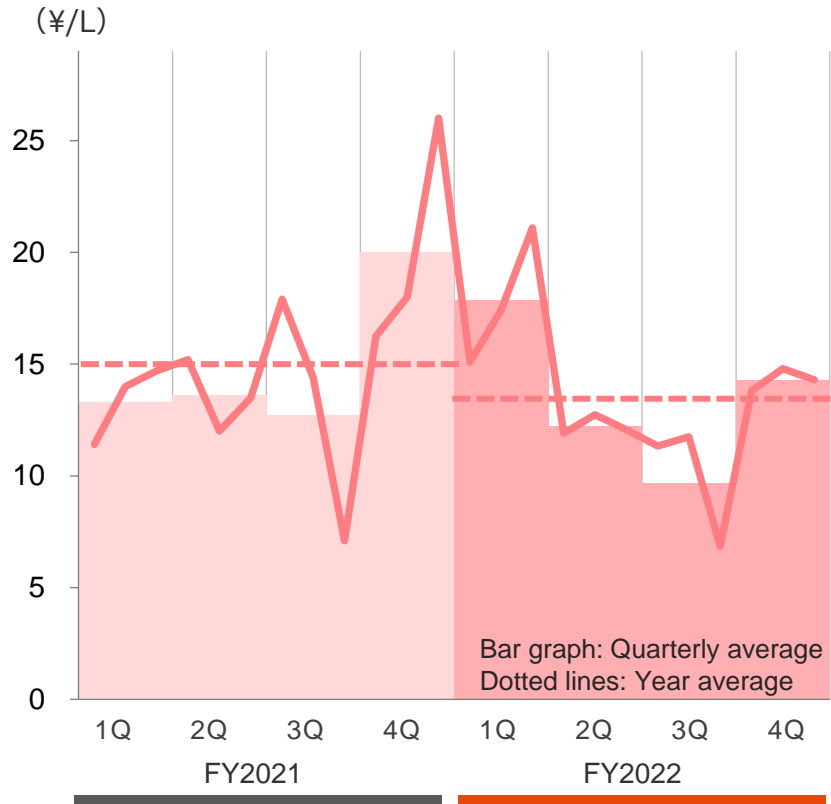
<sup>3</sup> Incl. a planned slow-down of refinery operations (decrease of utilization rate) due to a demand decrease in FY2021 (COVID-19 effects)

# Business Environment

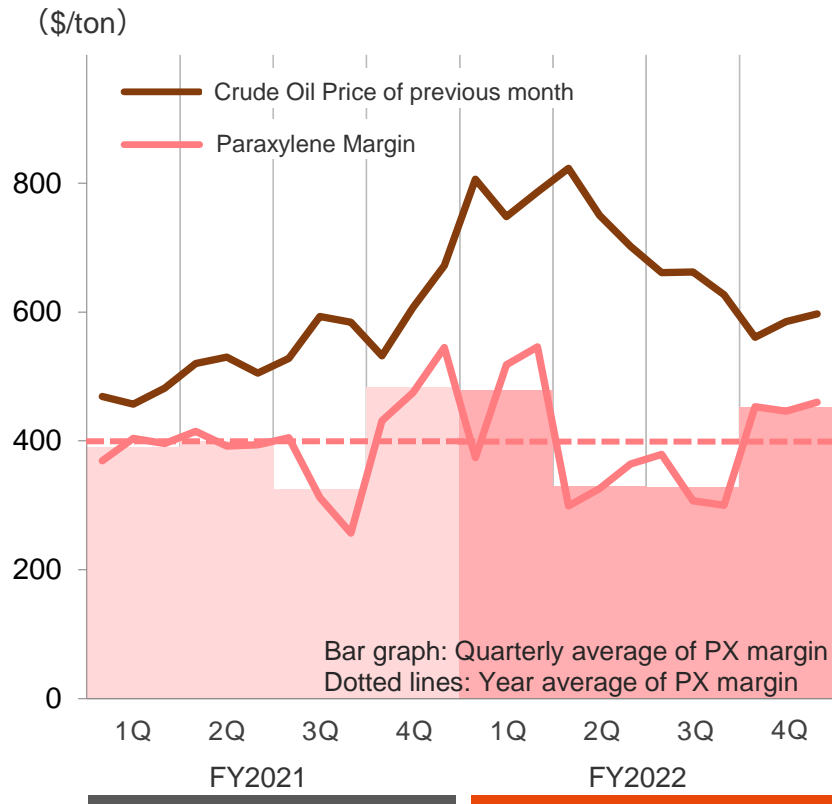


# Clean Fuel<sup>1</sup> and Paraxylene Margin Indexes

Clean Fuel Margin Index <sup>2</sup>



Paraxylene Margin Index<sup>3</sup>



<sup>1</sup> Clean fuel: gasoline, kerosene, diesel fuel and fuel oil A

<sup>2</sup> Calculated using the following formula as a reference for domestic market conditions  

$$\text{Spot Price} - \text{All Japan Crude CIF (including petroleum tax and interest)}$$

<sup>3</sup> Calculated using the following formula as a reference for Asian market conditions  

$$\text{ACP (Asian Contract Price)} - \text{Crude Oil Price of previous month}$$
  
 If ACP is undecided, average spot market price is used.

Note: The indexes above are different from our margins (Our selling price – Our cost)



# Financial Results for FY2022

(Apr. 1, 2022 - Mar. 31, 2023)

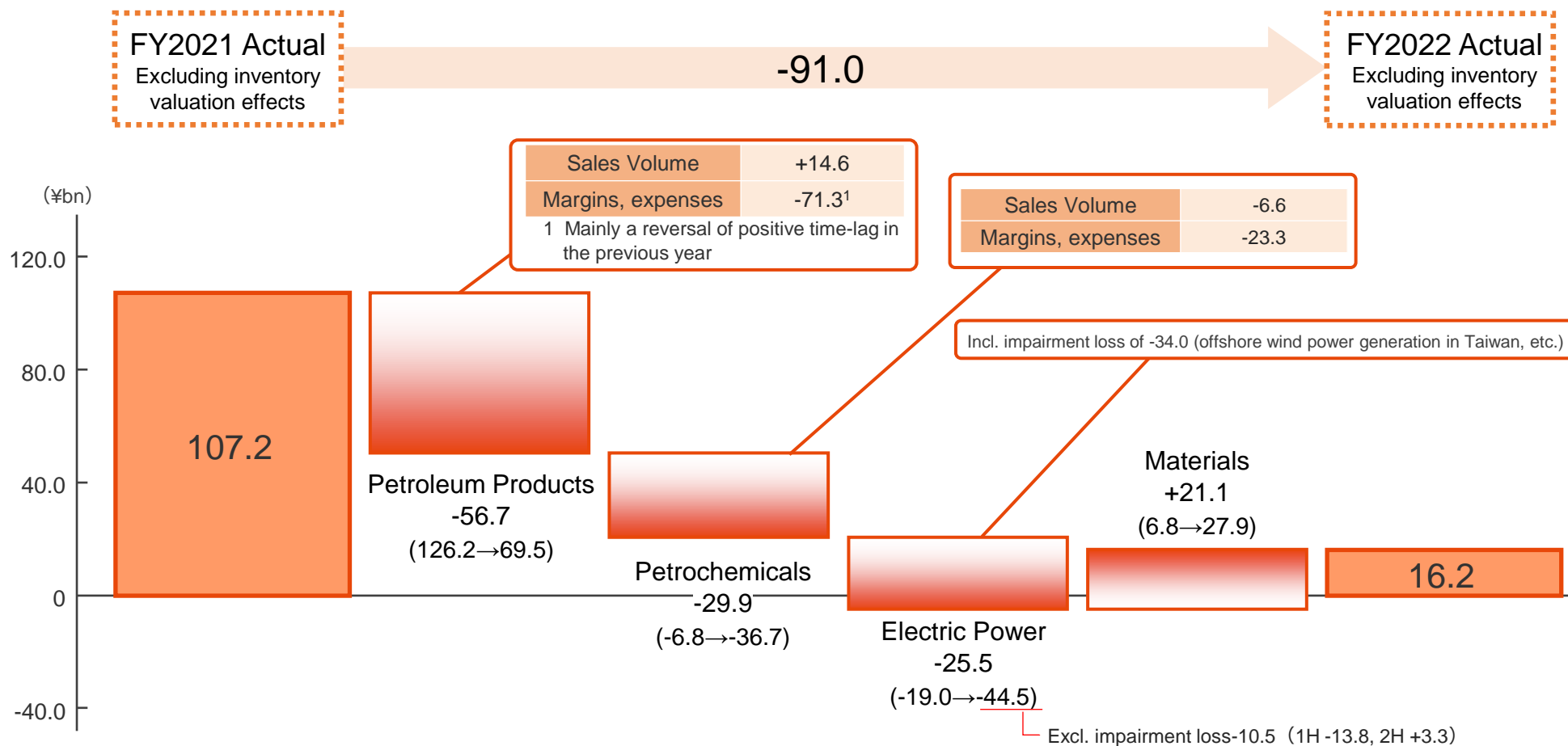
# Overview of Financial Results (FY2022 Actual)

		FY2021 Actual	FY2022 Actual	Changes	
Crude Oil (Dubai)	(\$/B)	78	93	+15	+19%
Copper (LME)	(¢/lb)	440	388	-52	-12%
Exchange rate	(¥/\$)	112	135	+23	+21%
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Net Sales	(¥bn)	10,921.8	15,016.6	+ 4,094.8	+37%
Operating Income	(¥bn)	785.9	281.3	-504.6	-64%
Inventory Valuation	(¥bn)	370.3	34.8	-335.5	-91%
Finance Income	(¥bn)	-14.1	-23.9	-9.8	-
Income before tax	(¥bn)	771.8	257.4	-514.4	-67%
Profit attributable to owners of the parent	(¥bn)	537.1	143.8	-393.3	-73%
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<b>Profit excl. inventory valuation</b>					
Operating Income	(¥bn)	<b>415.6</b>	<b>246.5</b>	-169.1	-41%
Net Income attributable to owners of the parent	(¥bn)	<b>239.1</b>	<b>96.6</b>	-142.5	-60%

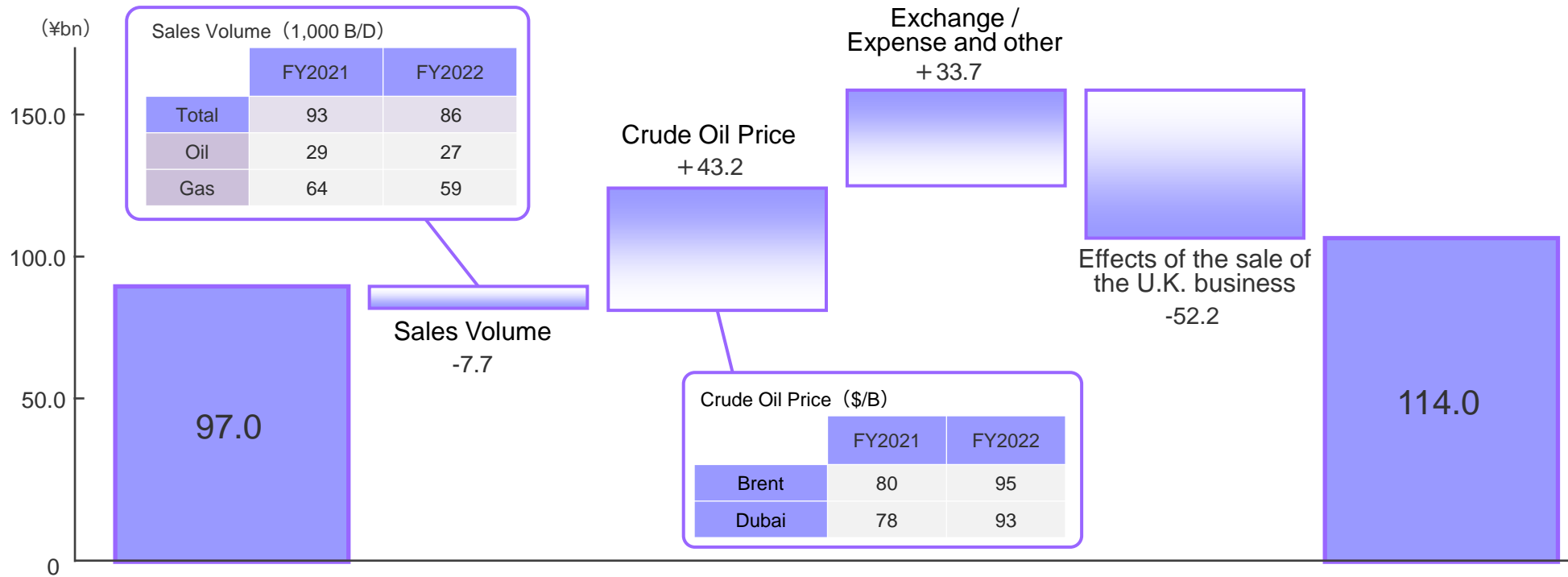
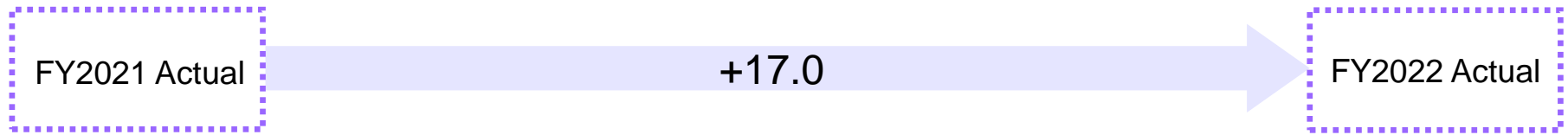
# Operating Income by Segment

		FY2021 Actual	FY2022 Actual	Changes		[Reference] Announced in Feb.
(¥bn)						
Total Operating Income excl. inventory valuation		415.6	246.5	-169.1	-41%	220.0
Segments	Energy	477.5	51.0	-426.5	-89%	50.0
	Inventory Valuation	370.3	34.8	-335.5	-91%	100.0
	Excl. Inventory Valuation	107.2	16.2	-91.0	-85%	-50.0
	Petroleum Products	126.2	69.5	-56.7	-45%	-12.0
	Petrochemicals	-6.8	-36.7	-29.9	-	-40.0
	Electric Power	-19.0	-44.5	-25.5	-	-25.0
	Materials	6.8	27.9	+21.1	+310%	27.0
	Oil & Natural Gas E&P	97.0	114.0	+17.0	+18%	100.0
	Metals	158.2	68.7	-89.5	-57%	120.0
	Functional Matls, Thin Film Matls and other	54.5	56.4	+1.9	+3%	59.0
	Mineral Resources	72.1	-22.0	-94.1	-	37.0
	Smelting & Recycling	41.0	40.7	-0.3	-1%	32.0
	Non-allocated corporate expenses and other	-9.4	-6.4	+3.0	-	-8.0
Other	53.2	47.6	-5.6	-11%	50.0	

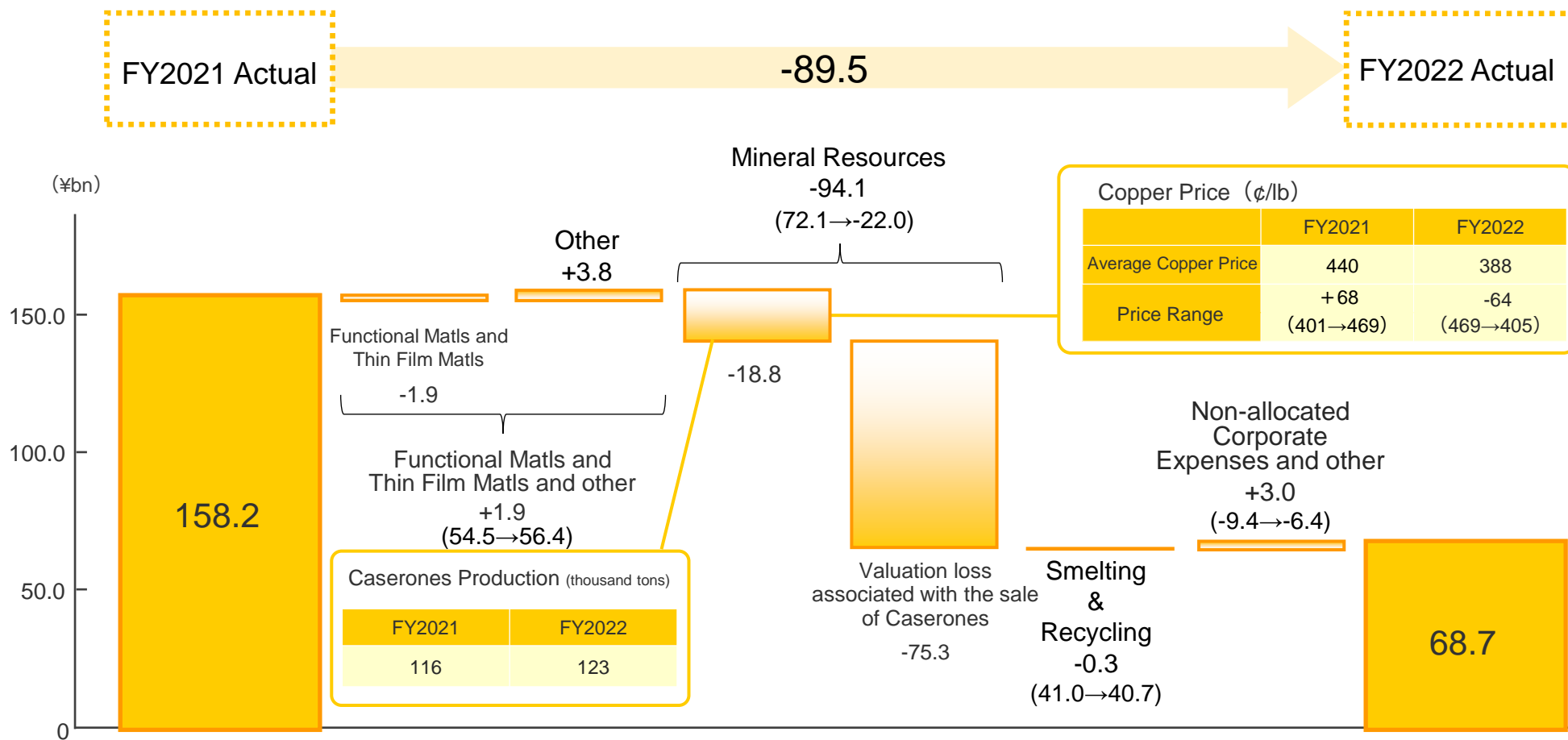
Significant decrease in profits due to a reversal of positive time-lag in the previous year, deterioration of petrochemicals market conditions, impairment loss in Electric Power business, etc., partly offset by profit contribution of elastomers business in Materials business.



Increase in profits due mainly to a rise in resource prices and the weak yen, partly offset by absence of profit owing to the sale of the U.K. business



Decrease in profits due mainly to a decline in copper price and the valuation loss associated with the decision for a partial sale of Caserones Copper Mine, partly offset by the weak yen



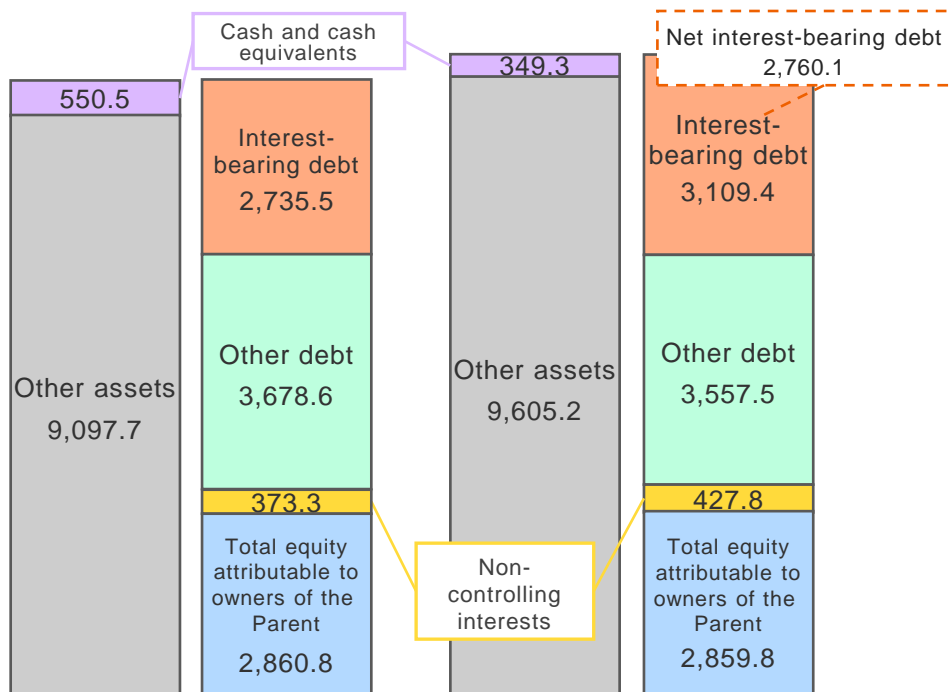
## Consolidated Balance Sheets

As of Mar. 31, 2022

As of Mar. 31, 2023

Total : 9,648.2

Total : 9,954.5



## Consolidated Cash Flows

FY2022 Actual

	(¥bn)	Excl. IFRS 16 leases	Financial accounting basis
Operating income (Excl. inventory valuation)		246.5	246.5
Depreciation and amortization		269.7	350.2
Other (working capital and tax payment, etc.)		-706.9	-706.9
Cash flows from operating activities		-190.7	-110.2
① Real basis cash flows from operating activities is 9.3			
Capital investment		-490.9	-490.9
Asset sales and other		375.0	375.0
Cash flows from investing activities		-115.9	-115.9
Free cash flows		-306.6	-226.1
③ Real basis free cash flows is -106.6			
Dividends and other		-222.5	-303.0
Net cash flows		-529.1	-529.1

	As of Mar.31, 2022	As of Mar.31, 2023
Equity ratio attributable to owners of the parent	29.7 %	28.7 %
Net D/E ratio (After adjustment for hybrid bonds)	0.60 0.68*	0.76 0.84*
R O E	(FY2021 Actual) 20.7 %	(FY2022 Actual) 5.0 %

- ✓ Real basis cash flows from operating activities excl. the temporary factors (advance tax payment for FY2023 (consumption tax related to petroleum products subsidy and corporate tax related to group restructuring, etc.)) is ¥9.3bn (①).
- ✓ Owing to executing reduction of capital investment and asset sales (②), real basis free cash flows is -¥106.6bn (③).

Real basis Net D/E ratio: 0.78

**Forecast for FY2023**  
(Apr. 1, 2023 - Mar. 31, 2024)



		FY2022 Actual	FY2023 Forecast	Changes	
Crude Oil (Dubai)	(\$/B)	93	80	-13	-14%
Copper (LME)	(¢/lb)	388	360	-28	-7%
Exchange rate	(¥/\$)	135	130	-5	-4%
<hr/>					
Net Sales	(¥bn)	15,016.6	13,400.0	-1,616.6	-11%
Operating Income	(¥bn)	281.3	340.0	+58.7	+21%
Inventory Valuation	(¥bn)	34.8	0.0	-34.8	-
Finance Income	(¥bn)	-23.9	-30.0	-6.1	-
Income before tax	(¥bn)	257.4	310.0	+52.6	+20%
Profit attributable to owners of the parent	(¥bn)	143.8	180.0	+36.2	+25%
<hr/>					
<b>Profit excl. inventory valuation</b>					
Operating Income	(¥bn)	<b>246.5</b>	<b>340.0</b>	+ 93.5	+38%
Profit attributable to owners of the parent	(¥bn)	<b>96.6</b>	<b>180.0</b>	+ 83.4	+86%

# Changing Subsegments in the Energy Segment (FY2022 basis)

■ Changing subsegments as we are looking ahead to turning three businesses: High Performance Materials, Electricity and Renewable Energy, into separate companies. Furthermore, integrate Petrochemicals and part of Materials (lubricants, etc.) into Petroleum Products since these are joint products of petroleum products.

- ① Transfer profit/loss of refinery power generation from Petroleum Products to Electricity
- ② Integrate Petrochemicals into Petroleum Products
- ③ Electric Power, excluding the Renewable Energy business integrated into JRE, will be Electricity, and ④ Renewable Energy becomes independent
- ⑤ As for Materials, profit/loss of lubricants and cokes are transferred into Petroleum Products, ⑥ the rest becomes independent as High Performance Materials

(¥bn)	FY2022 Actual		FY2022 Actual		
Current Subsegments	Operating Profit Excl. inventory valuation		Operating Profit Excl. inventory valuation		
Energy	16.2		Energy	16.2	
Petroleum Products	69.5		Petroleum Products	21.5	
Refinery Power Generation	22.5		①		
Petrochemicals	-36.7		②	High Performance Materials	16.7
Electric Power	-44.5		③	Electricity	14.4
Renewable Energy	-36.4		④		
Materials	27.9		⑤	Renewable Energy	-36.4
High Performance Materials	16.7		⑥		

Note: Change in allocation basis of administrative and general expenses in accordance with the change of subsegments,

# Changing Subsegments in the Metals Segment (FY2022 basis)

- Toward realization of the Long-Term Vision, split and subdivide Advanced Materials segment, in which we are going to focus more
- As for base businesses, integrating Mineral Resources and Smelting & Recycling segments to Metals & Recycling associated with a partial sale of interests of Caserones Copper Mine

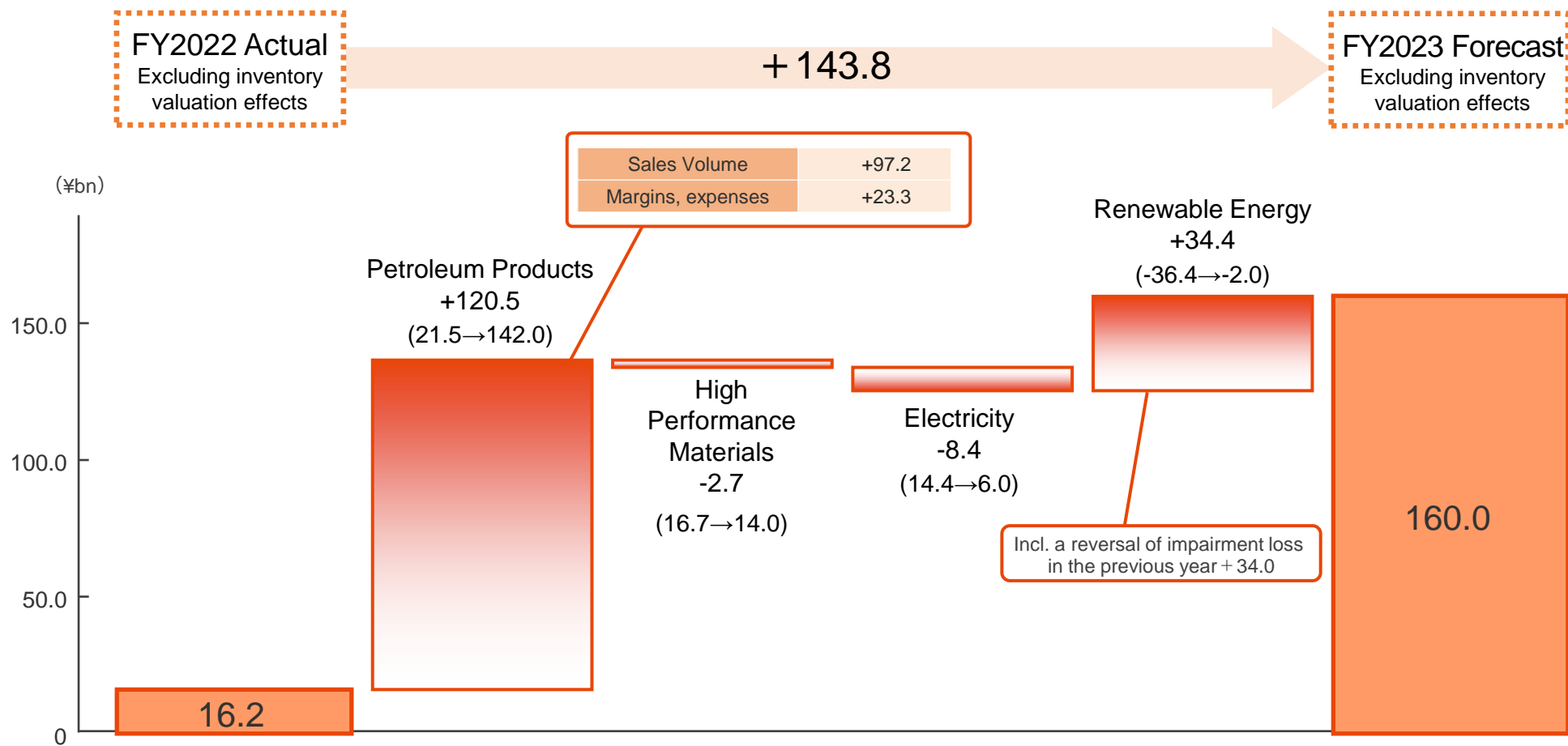
Separate ① Thin Film Mats and Tantalum and Niobium as Semiconductor Materials from Functional Mats, Thin Film Mats and other  
 Separate ② Functional Mats and Toho Titanium Co., Ltd. and Tatsuta Electric Wire Co., Ltd. as ICT Materials from Functional Mats, Thin Film Mats and other  
 Integrate ③ Mineral Resources and ④ Smelting & Recycling as Metals & Recycling

(¥bn)	FY2022 Actual		New Subsegments	FY2022
Current Subsegments	Operating Profit		Operating Profit	
Metals	68.7		Metals	68.7
Functional Mats, Thin Film Mats and other	56.4		Semiconductor Materials	34.6
Thin Film Mats, Tantalum and Niobium	34.6	①		
Functional Mats, Toho Titanium Co., Ltd., Tatsuta Electric Wire Co., Ltd.	21.8	②	ICT Materials	21.8
Mineral Resources	-22.0	③	Metals & Recycling	18.7
Smelting & Recycling	40.7	④		
Non-allocated corporate expenses and other	-6.4		Non-allocated corporate expenses and other	-6.4

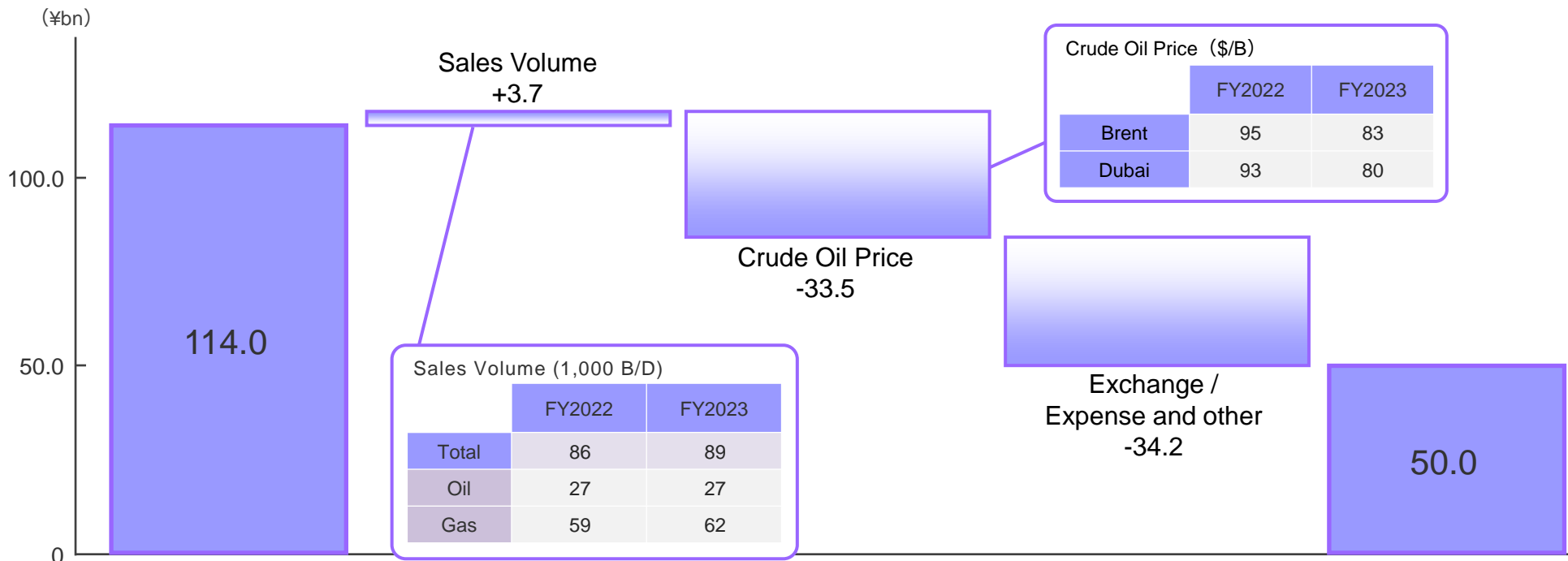
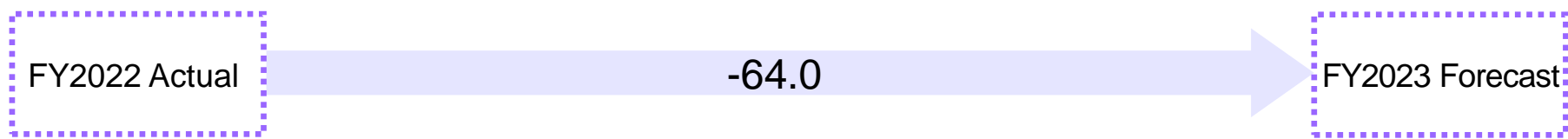
# Changes in Operating Income by Segment vs. FY2022

		FY2022 Actual	→	FY2023 Forecast	Changes	
(¥bn)						
Total Operating Income excl. inventory valuation		246.5		340.0	+93.5	+38%
Segments	Energy	51.0		160.0	+109.0	+214%
	Inventory Valuation	34.8		0.0	-34.8	-
	Excl. Inventory Valuation	16.2		160.0	+143.8	+888%
	Petroleum Products	21.5		142.0	+120.5	+560%
	High Performance Materials	16.7		14.0	-2.7	-16%
	Electricity	14.4		6.0	-8.4	-58%
	Renewable Energy	-36.4		-2.0	+34.4	-
	Oil and Natural Gas E&P	114.0		50.0	-64.0	-56%
	Metals	68.7		90.0	+21.3	+31%
	Semiconductor Materials	34.6		30.0	-4.6	-13%
	ICT Materials	21.8		19.0	-2.8	-13%
	Metals & Recycling	18.7		60.0	+41.3	+221%
	Non-allocated corporate expenses and other	-6.4		-19.0	-12.6	-
Other	47.6		40.0	-7.6	-16%	

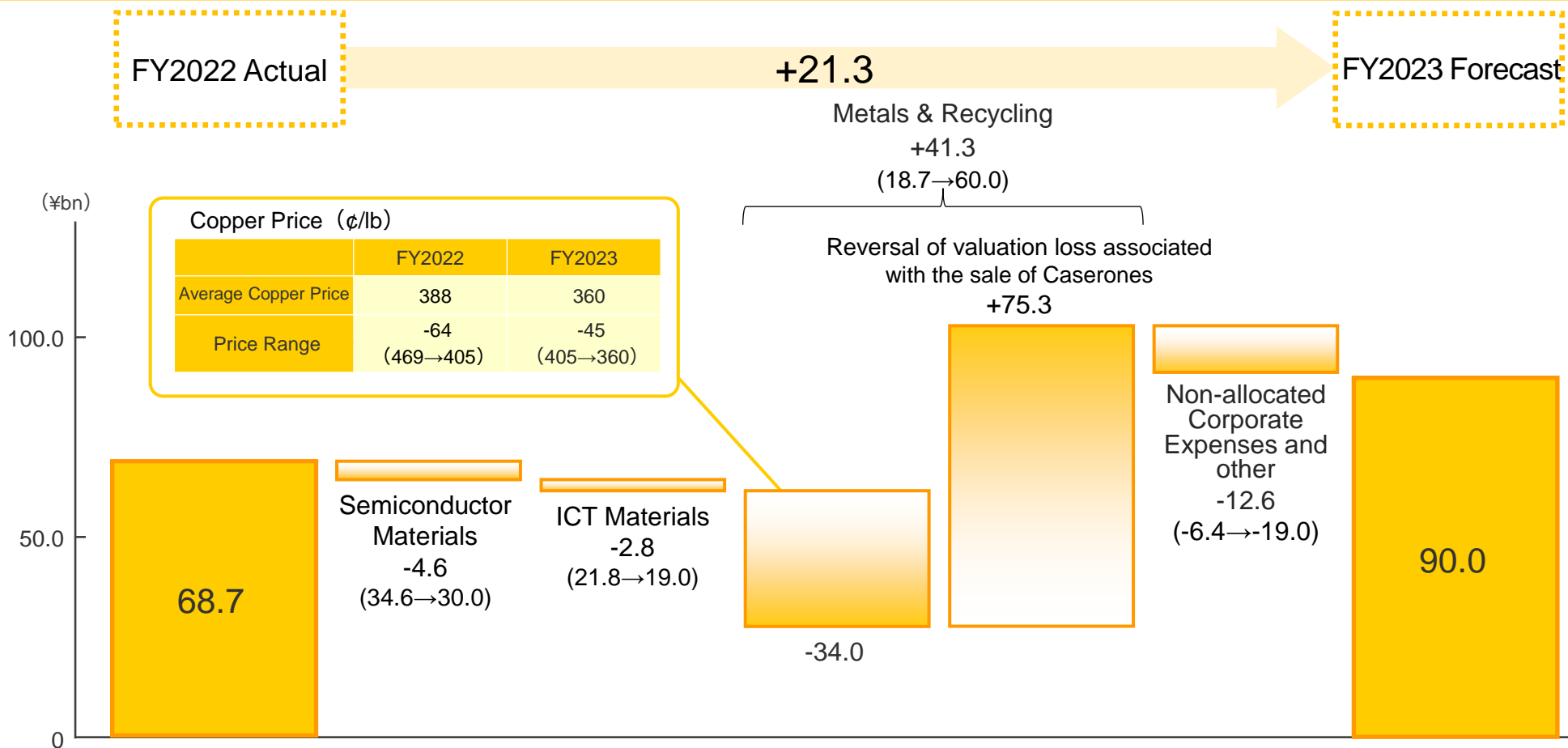
While expecting a decline in export market, predicting increase in profits due to volume increase of exports and improvement in production efficiency owing to recovery of refinery operation, elimination of negative time-lag of clean oil and export margins in the previous year, etc.



Predicting decrease in profits due mainly to a decline in resource prices and an increase in expenses



Predicting increase in profits mainly due to a reversal of the valuation loss associated with the partial sale of interests of Caserones Copper Mine, partly offset by a profit decrease of semiconductor materials and ICT materials, a decline in metals prices, etc.



## Consolidated Cash Flows

	FY2023 Forecast	
(¥bn)	Excl. IFRS 16 Leases	Financial Accounting Basis
Operating income (Excl. inventory valuation)	340.0	340.0
Depreciation and amortization	264.0	330.0
Other (working capital and tax payment, etc.)	194.0	194.0
Cash flows from operating activities (without the effects of non-business days)	798.0	864.0
	① 758.0	824.0
Capital investment	-636.0	-636.0
Asset sales and other	96.0	96.0
Cash flows from investing activities	-540.0	-540.0
Free cash flows (without the effects of non-business days)	258.0	324.0
	② 218.0	284.0
Dividends and other	90.0	156.0
Net cash flows	168.0	168.0

② Real basis cash flows from operating activities is 558.0

④ Real basis free cash flows is 18.0

- ✓ Cash flows from operating activities excluding the effects of non-business days (gasoline tax payment timing shifted to the next fiscal year due to the holidays) is ¥758.0bn (①).
- ✓ Forecast for real basis cash flows from operating activities excl. advance tax payment in FY2022 for FY2023 (consumption tax related to petroleum products subsidy and corporate tax related to group restructuring, etc.) is ¥558.0bn (②).
- ✓ Forecast for cash flows from investing activities including capital investment of -¥636.0bn is -¥540.0bn (③). As a result, forecast for real basis free cash flows is ¥18.0bn (④).



# Reference

			FY2020	FY2021	FY2022	FY2023
			Actual	Actual	Actual	Forecast
All segments	Exchange rate	(¥/ \$)	106	112	135	130
Energy	Crude oil (Dubai)	(\$/B)	45	78	93	80
Oil & Natural Gas E&P	Sales volume (Crude oil equivalent) <sup>1</sup>	(1,000 B / day)	125	93	86	89
	Crude oil (Brent)	(\$/B)	46	80	95	83
Metals	Copper (LME)	(¢/lb)	312	440	388	360
	Equity entitled copper mine production <sup>2</sup>	(1,000 tons/year)	194	195	200	185
	PPC copper cathode sales	(1,000 tons/year)	634	586	633	637
	Precision rolled products sales	(1,000 tons/month)	3.6	3.9	3.1	3.6

1 Excl. the U.K. sales volume from FY2021

2 Including impacts of partial sale of Caserones Copper Mine interest from FY2023

	Full-Year
Caserones	Apr. - Mar.
Los Pelambres	Apr. - Mar.
Escondida	Jan. - Dec.

## ■ Impact of index change on operating income in FY2023 (From Apr. 2023)

		(¥bn)	
Index	Change	Segment	Impact
Crude Oil (Dubai)	+ 5\$/B	Energy	(-) 4.0
		Oil & Natural Gas E&P	(+) 6.0
		Subtotal	(+) 2.0
		Inventory Valuation	(+) 44.0
		<b>Total</b>	<b>(+) 46.0</b>
Copper (LME)	+10¢/lb	Metals	(+) 3.0
		<b>Total</b>	<b>(+) 3.0</b>
Exchange Rate	5¥/\$ Yen Depreciation	Energy	(+) 5.0
		Oil & Natural Gas E&P	(+) 3.0
		Metals	(+) 7.0
		Subtotal	(+) 15.0
		Inventory Valuation	(+) 27.0
<b>Total</b>	<b>(+) 42.0</b>		

This notice contains certain forward-looking statements, however, actual results may differ materially from those reflected in any forward-looking statement, due to various factors, including but not limited to, the following:

- (1) macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries;
- (2) changes in laws and regulations; and
- (3) risks related to litigation and other legal proceedings.