



Security Code

5020

February 9, 2024

ENEOS Holdings, Inc.

# FY2023 3Q Financial Results

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# Initiatives to Ensure Compliance

- Verifying effectiveness of various systems introduced to improve compliance while undergoing analysis and evaluation by a third-party organization.

Formulating recurrence prevention measures based on results of analysis and advice from the third-party organization.

✓ **Effectiveness analysis of ongoing systems** (progress report)

System		Purpose	Current analysis
Existing	Whistleblower systems	Early detection / Correction	Effective
Introduced in 2023	Clarification of procedure for disposition of Officers	Early correction	Effective
Introduced in 2023	Introduction of disciplinary regulations for Officers (clawback/malus clause)	Restraint / Disciplinary measures	Disciplinary measures effective
Introduced in 2023	Executing human resources due diligence for selection of Directors	Prevention	<b>Enhancement needed</b>
Introduced in 2023	Regularly implementing human rights and compliance training for Officers	Prevention	<b>Enhancement needed</b>

➔ Led by Outside Directors, discussing enhancement of Director selection process as an effective recurrence prevention measure. Planning to announce recurrence prevention measures including the new Director selection process and a new President **at the end of February.**

- Restoring employee trust and ensuring a comfortable work environment are urgent tasks. Established a project led by Outside Director Oka, Outside Director Kawasaki and three Executive Vice Presidents. As a first step, the project is investigating the existence of potential issues through interviews and employee questionnaire led by a third party. Executing specific measures under the new management system.

➔ Aiming to enhance engagement through communication with employees

**Aiming to ensure compliance by sincerely addressing issues, taking into account third-party views and employees' opinions**

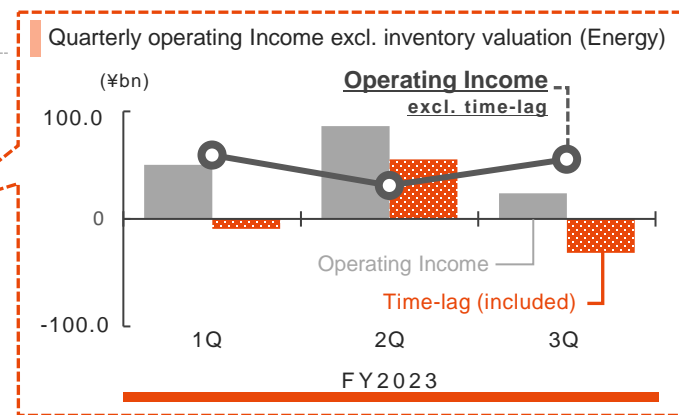
# Highlights of Financial Results

**FY2023 3Q  
Financial Results  
(Apr. - Dec.)**

**Operating profit excl. inventory valuation: ¥335.6bn (YoY+¥164.2bn)**

- ✓ Energy: Profits greatly increased due to a reversal of negative time-lag in petroleum products<sup>1</sup> and exports, improvements in actual petroleum products<sup>1</sup> margins and petrochemicals margins, etc.
- ✓ Oil and Natural Gas E&P: Despite positive impacts such as yen depreciation, profits decreased mainly due to a decline in resource prices
- ✓ Metals: Profits decreased due mainly to decreases in sales volumes of semiconductor materials / ICT materials

	FY2022 1Q-3Q	Changes	FY2023 1Q-3Q (¥bn)
<b>Operating Income</b>	249.8	+136.5	<b>386.3</b>
Inventory valuation	78.4	-27.7	<b>50.7</b>
<b>Excl. inventory valuation</b>			
<b>Operating Income</b>	171.4	+164.2	<b>335.6</b>
Energy	-76.3	+236.6	<b>160.3</b>
Oil and Natural Gas E&P	95.6	-18.1	<b>77.5</b>
Metals	116.9	-36.6	<b>80.3</b>
Other	35.2	-17.7	<b>17.5</b>
<b>Net Income</b> Attributable to owners of the parent	60.5	+110.8	<b>171.3</b>



**FY2023 Forecast  
(Apr. - Mar.)**

■ Unchanged from forecast announced in November

- ✓ Considering progress in 1Q-3Q and resource prices, exchange rate volatility risks, etc. in 4Q

Forecast in Nov.	Full Year Forecast	Main Index (2H)	
Operating Income	420.0	Crude Oil (Dubai)	\$/B 85
Operating Income excl. inventory valuation	370.0	Copper Price (LME)	¢ /lb 360
Net Income Attributable to owners of the parent excl. inventory valuation	200.0	Exchange Rate	¥/\$ 140

## Progress of Third Medium-Term Management Plan

## ➤ UCL (Unplanned Capacity Loss)

**2% improvement YoY**

**Total UCL: 10% ➔ 8%**

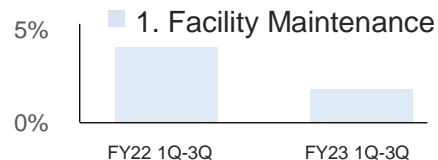
FY22 1Q-3Q

FY23 1Q-3Q

✓ 2% improvement YoY due to measures taken so far such as enhancing facility maintenance strategies, sharing knowledge with construction contractors, strengthening structure of construction contractor management, etc.

✓ On the other hand, it did not reach the target of 5%. Based on that, we will enhance measures to deal with troubles, which have continued to occur due to aging of facilities, and to further accelerate the restart of facilities when troubles occur.

### UCL Trends by Factor

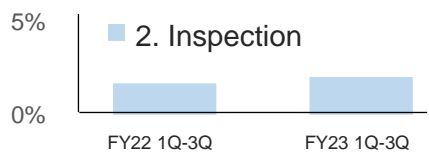


#### ✓ **Analysis of troubles by factor**

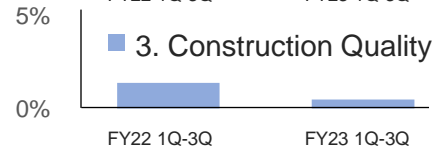
Despite YoY improvement by enhancing facility maintenance strategies, certain number of troubles due to aging of facilities occurred.

Measure ①

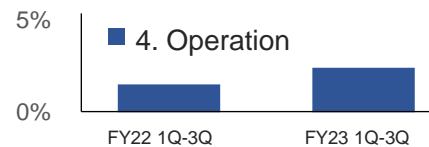
In order to deal with troubles, which have increased in difficulty due to aging of facilities, we will enhance the support system by transforming the refinery support by the head office specialists, which has been producing results, into a specialized team from 2023 2H.



Although UCL slightly increased, it includes shut-downs from the increased number of issues discovered owing to expansion of scope and early implementation of inspections.



Continued to prevent serious troubles by sharing knowledge with construction contractors and strengthening structure of construction contractor management.



Reduced the number of troubles due to non-regular work (reduced by 60% in 3Q alone compared to 2Q) by implementing additional measures (identifying high risks for start-ups and informing all refineries / placing well-trained engineers for support).

Measure ②

Making safety a top priority, aiming to further reduce UCL by striving for earlier restarting of facilities after troubles occur.



Determined share buyback of ¥50bn based on our return policy in anticipation of achieving the profit target

## Return Policy

Based on the understanding that return of profits to shareholders is a material management task, the ENEOS Group will redistribute profits by reflecting changes in medium-term consolidated business results and prospects as a basic policy, while striving to maintain stable dividends.

Indication of shareholder return in this medium-term management plan

### 【Dividend】

Continuation of stable dividends

**Minimum dividend of 22 yen per share**

### 【Total Return Ratio】

50% or more of net income, excl. inventory valuation

FY2023	FY2024	FY2025
On average over the three-year period, <u>50%</u> or more of net income, excl. inventory valuation		

Progress of 3rd Mid-Term Mgmt Plan

### Favorable progress

Target for  
FY2023 Net Income\*  
**¥180.0bn**



Forecast for  
FY2023 Net Income\*  
**¥200.0bn**

\*excl. inventory valuation

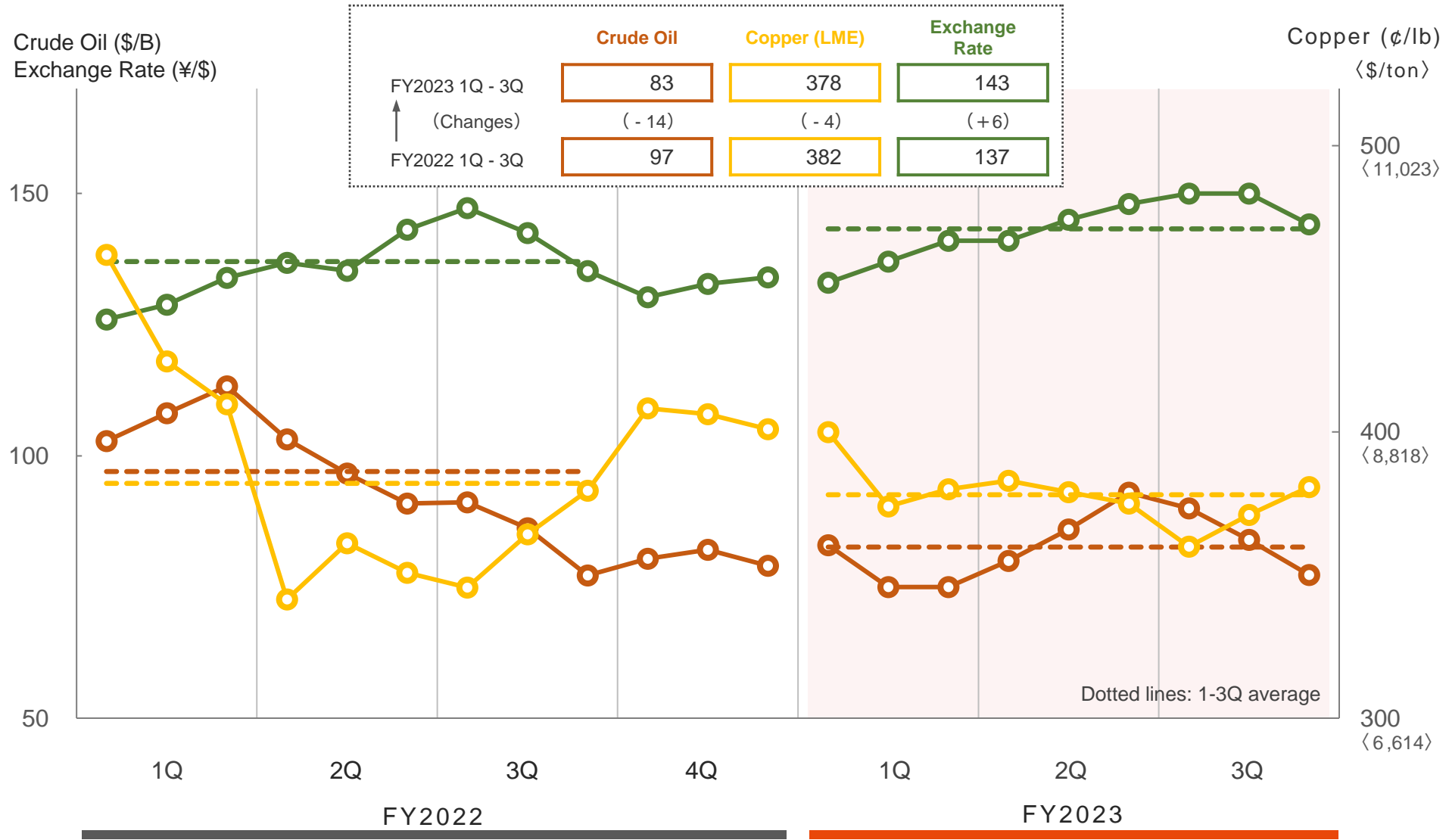
## Plan for FY2023

Execute ¥50.0bn share buyback in addition to ¥22/share dividend based on the return policy and the current business forecast

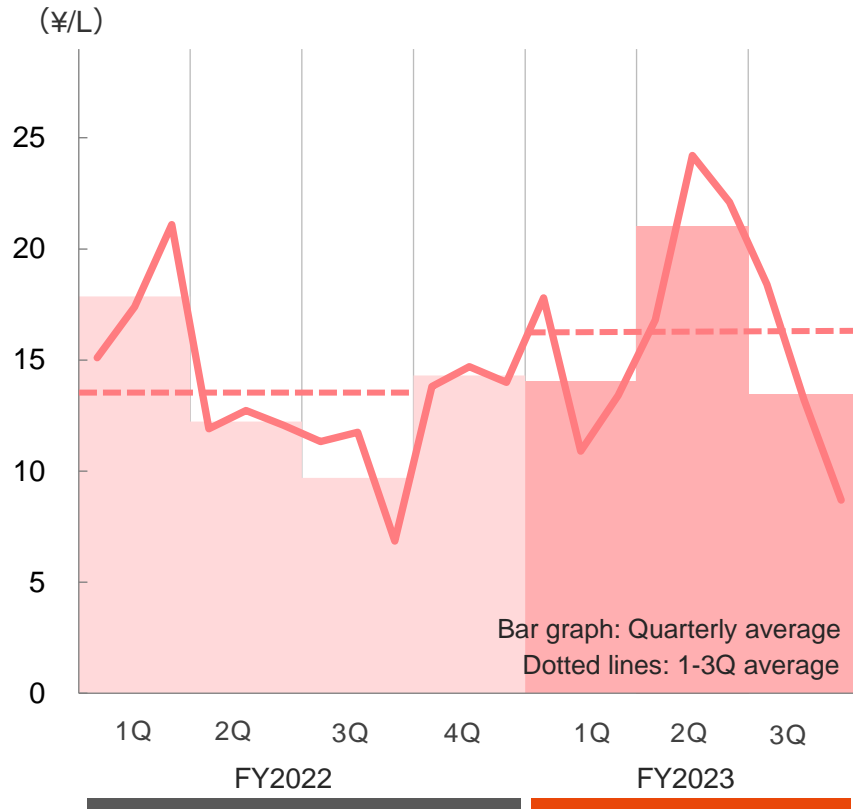
		FY2023 (Forecast)
Net Income excl. inventory valuation	¥ b n	200.0
Dividend	¥ b n	66.0 (¥22/share)
<u>Share buyback</u>	¥ b n	<u>50.0</u>
Total Return Amount	¥ b n	116.0
<u>Total Return Ratio</u>	—	<u>58%</u>

Term of acquisition: From February 13, 2024 to June 28, 2024

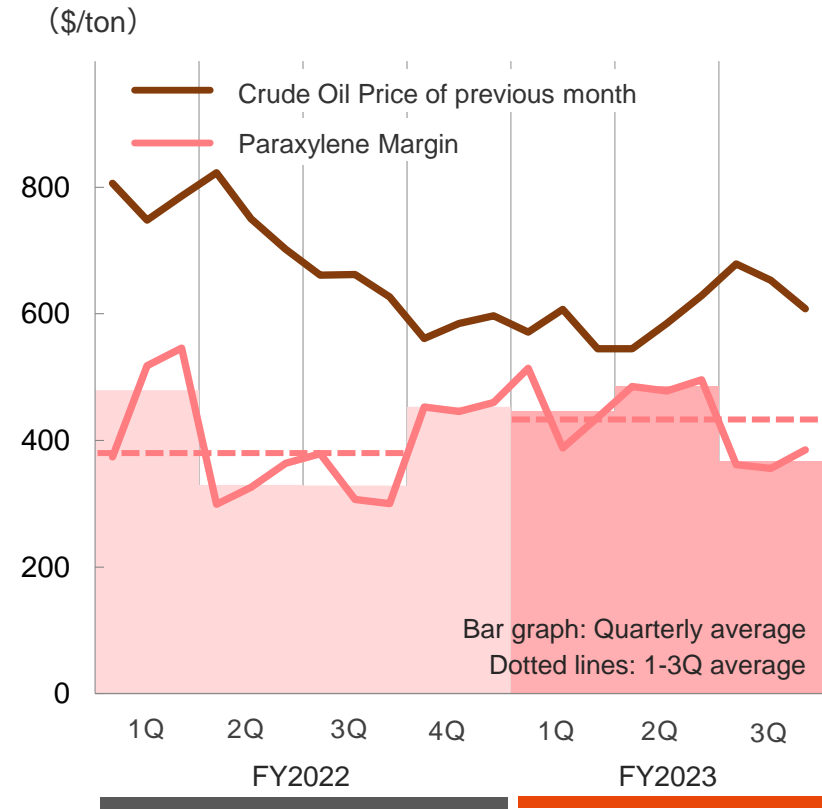
# Business Environment



## Petroleum Products Margin Index<sup>2</sup>



## Paraxylene Margin Index<sup>3</sup>



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

<sup>2</sup> Calculated using the following formula as a reference for domestic market conditions  
 Spot Price – All Japan Crude CIF (including petroleum tax and interest)

<sup>3</sup> Calculated using the following formula as a reference for Asian market conditions  
 ACP (Asian Contract Price) – 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 FY2023 3Q

(April 1, 2023 - December 31, 2023)

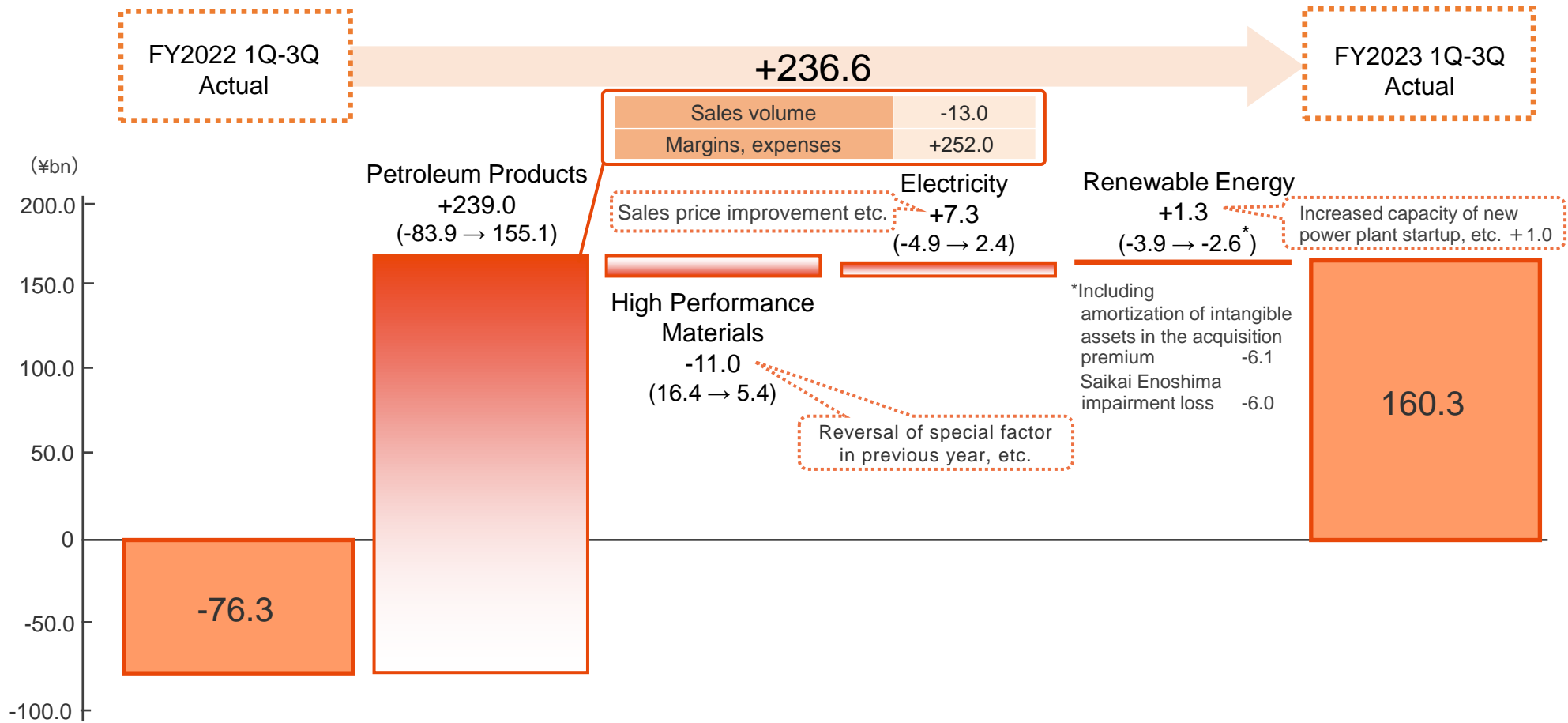
		FY2022 1Q - 3Q Actual	FY2023 1Q - 3Q Actual	Changes	
Crude Oil (Dubai)	(\$/B)	97	83	-14	-14%
Copper (LME)	(¢/lb)	382	378	-4	-1%
Exchange rate	(¥/\$)	137	143	+6	+4%
<hr/>					
Net Sales	(¥bn)	11,335.1	10,245.3	-1,089.8	-10%
Operating Income	(¥bn)	249.8	386.3	+136.5	+55%
Inventory Valuation	(¥bn)	78.4	50.7	-27.7	-35%
Finance Income	(¥bn)	-17.0	-14.5	+2.5	-
Income before tax	(¥bn)	232.8	371.8	+139.0	+60%
Profit attributable to owners of the parent	(¥bn)	96.0	206.8	+110.8	+115%
<hr/>					
<b>Profit excl. inventory valuation</b>					
Operating Income	(¥bn)	171.4	335.6	+164.2	+96%
Profit attributable to owners of the parent	(¥bn)	60.5	171.3	+110.8	+183%

# Operating Income by Segment

		FY2022 1Q - 3Q Actual	FY2023 1Q - 3Q Actual	Changes	
(¥bn)					
Total Operating Income excl. inventory valuation		171.4	335.6	+ 164.2	+ 96%
Segments	Energy	2.1	211.0	+208.9	+9,948%
	Inventory Valuation	78.4	50.7	-27.7	-35%
	Excl. Inventory Valuation	-76.3	160.3	+236.6	—
	Petroleum Products	-83.9	155.1	+239.0	—
	High Performance Materials	16.4	5.4	-11.0	-67%
	Electricity	-4.9	2.4	+7.3	—
	Renewable Energy	-3.9	-2.6	+1.3	—
	Oil and Natural Gas E&P	95.6	77.5	-18.1	-19%
	Metals	116.9	80.3	-36.6	-31%
	Semiconductor Materials	32.2	19.6	-12.6	-39%
	ICT Materials	19.5	0.2	-19.3	-99%
	Metals & Recycling	71.1	66.5	-4.6	-6%
	Non-allocated corporate expenses and other	-5.9	-6.0	-0.1	—
Other	35.2	17.5	-17.7	-50%	

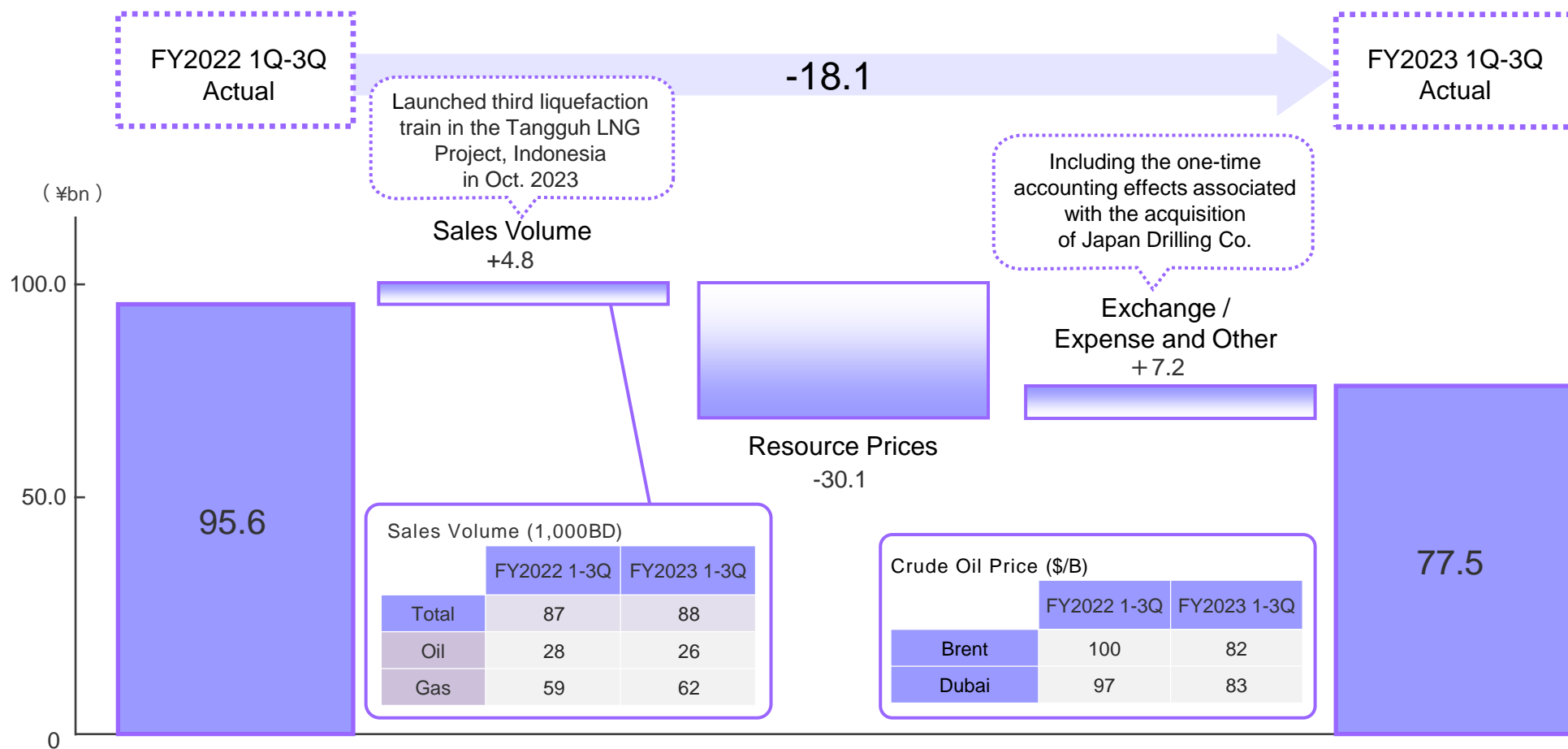
\* We have made changes to the subsegments from FY2023. As a result, we have reorganized the performance data for 1Q-3Q of FY2022 based on the new subsegment structure.

Profits greatly increased due to a reversal of negative time-lag in petroleum products and exports, improvements in actual petroleum products margins and petrochemicals margins, etc.

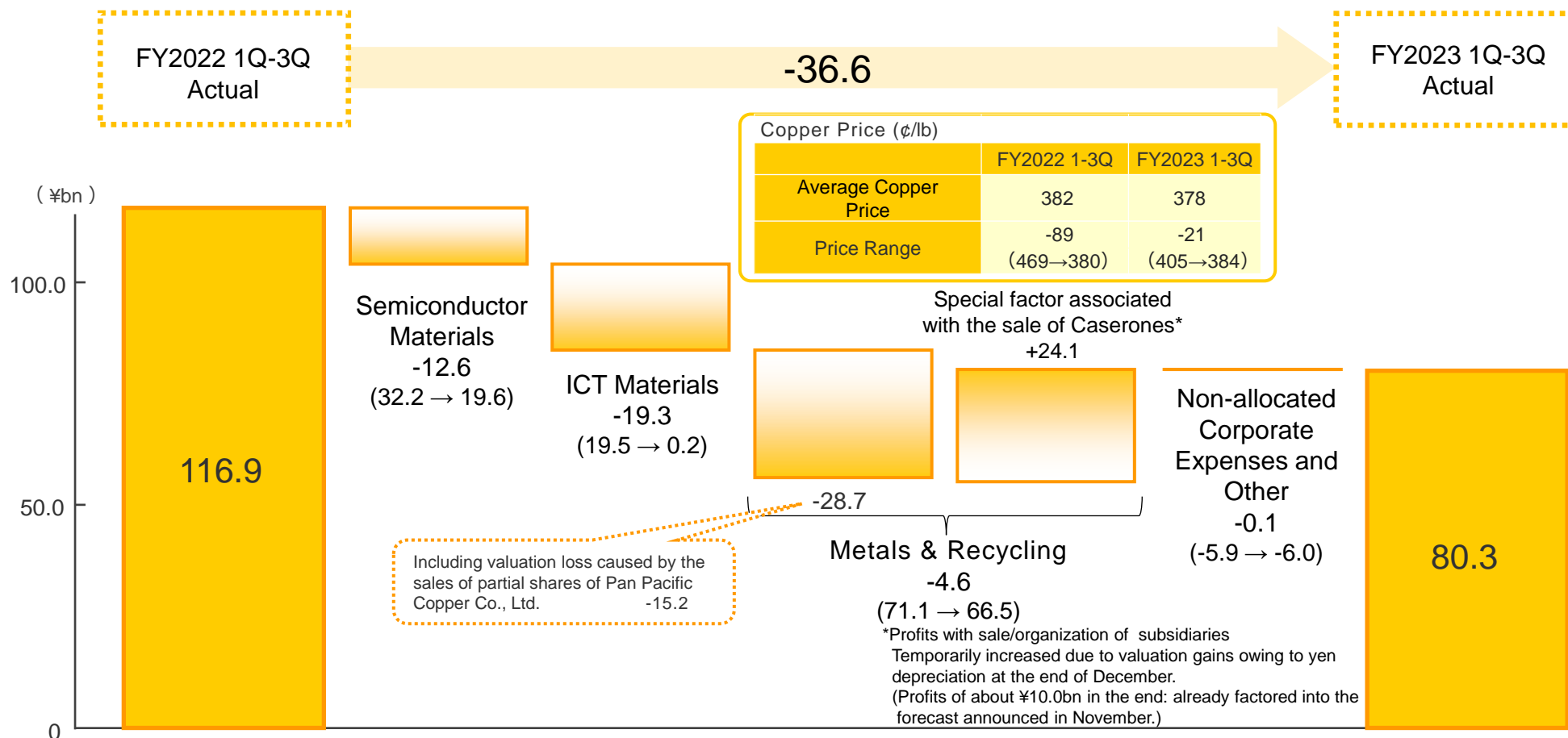




Profits decreased due to a decline in resource prices, despite yen depreciation, profit improvement with the acquisition of Japan Drilling Co. and increase in sales volume led by an expansion project of an existing natural gas field from October.



Profits decreased due mainly to decreases in sales volumes of semiconductor materials / ICT materials and valuation loss associated with transfer of partial shares of copper business subsidiary, despite a special factor associated with the sales of Caserones Copper Mine.



## Consolidated Balance Sheets

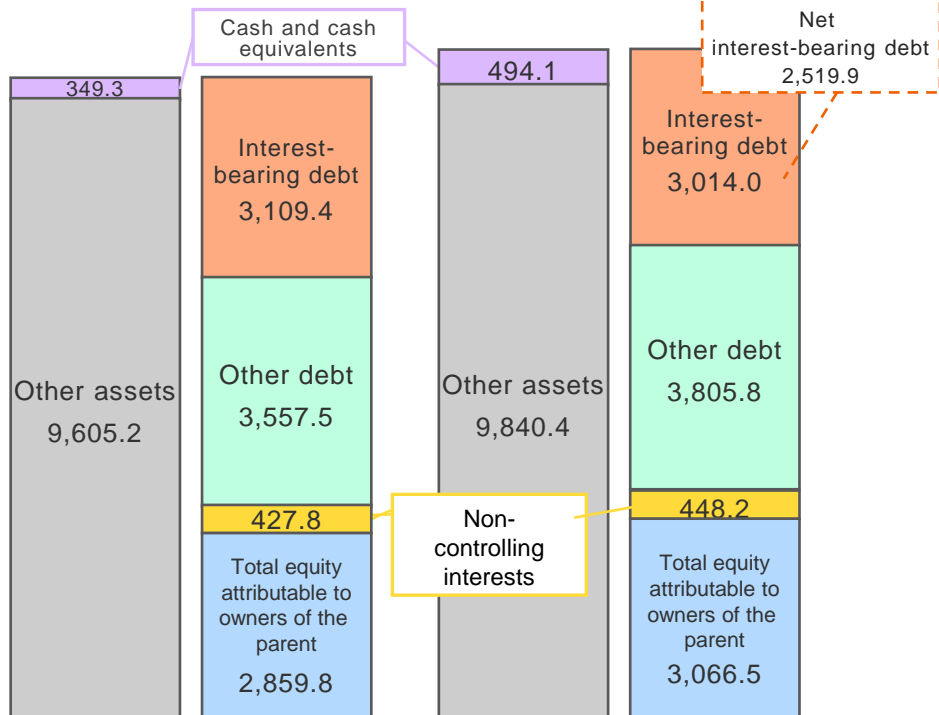
As of Mar. 31, 2023

As of Dec. 31, 2023

(¥bn)

Total: 9,954.5

Total : 10,334.5



As of Mar.31, 2023

As of Dec. 31, 2023

Equity ratio attributable to owners of the parent

28.7%

29.7%

 Net D/E ratio  
(After adjusting for hybrid bonds)

0.76

0.62

## Consolidated Cash Flows

FY2023 1Q-3Q

(¥bn)

Operating income (Excl. inventory valuation)	335.6
Depreciation and amortization	190.4
Other (working capital and tax payment, etc.)	* -25.2
<b>Cash flows from operating activities Excluding the impact of holidays</b>	<b>500.8</b>
	416.4

Capital investment	-289.4
Asset sales and other	82.6
<b>Cash flows from investing activities</b>	<b>-206.8</b>

<b>Free cash flows Excluding the impact of holidays</b>	<b>294.0</b>
	209.6

Dividends and other	-112.2
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<b>Net cash flows</b>	<b>181.8</b>
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**Excl. IFRS 16 leases**

Operating income (Excl. inventory valuation)	335.6
Depreciation and amortization	190.4
Other	* -25.2
<b>Cash flows from operating activities Excluding the impact of holidays</b>	<b>500.8</b>
	416.4

Capital investment	-289.4
Asset sales and other	82.6
<b>Cash flows from investing activities</b>	<b>-206.8</b>

<b>Free cash flows Excluding the impact of holidays</b>	<b>294.0</b>
	209.6

Dividends and other	-112.2
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<b>Net cash flows</b>	<b>181.8</b>
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Financial accounting basis

Operating income (Excl. inventory valuation)	335.6
Depreciation and amortization	248.5
Other	-25.2
<b>Cash flows from operating activities Excluding the impact of holidays</b>	<b>558.9</b>
	474.5

Capital investment	-289.4
Asset sales and other	82.6
<b>Cash flows from investing activities</b>	<b>-206.8</b>

<b>Free cash flows Excluding the impact of holidays</b>	<b>352.1</b>
	267.7

Dividends and other	-170.3
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<b>Net cash flows</b>	<b>181.8</b>
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\* There are negative factors of increase in operation expenses such as seasonal impact, which is inventory build-up of kerosene, and yen depreciation, while there is a positive impact of approximately ¥140bn of net-advanced tax payment (consumption tax related to subsidiaries for petroleum products, etc.)

The impact of holidays: impact causing timing differences in gasoline tax payment due to holidays

# Reference

			FY2022			FY2023		
			1H	1Q - 3Q	Full Year	1H	1Q - 3Q	Full Year
			Actual	Actual	Actual	Actual	Actual	Forecast (in Nov.)
All segments	Exchange rate	(¥/ \$)	134	137	135	141	143	141
Energy	Crude oil (Dubai)	(\$/B)	102	97	93	82	83	84
Oil and Natural Gas E&P	Sales volume (Crude oil equivalent)	(1,000 B / day)	87	87	86	86	88	88
	Crude oil (Brent)	(\$/B)	105	100	95	82	82	85
Metals	Copper (LME)	(¢/lb)	392	382	388	382	378	371
	Equity entitled copper mine production <sup>1</sup>	(1,000 tons)	92	149	200	95	135	177
	PPC copper cathode sales	(1,000 tons)	322	469	633	324	474	628
	Precision rolled products sales	(1,000 tons/month)	3.6	3.3	3.1	2.3	2.3	2.5

<sup>1</sup> Including impacts of partial sale of Caserones Copper Mine interest from FY2023/2Q

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

Announced in Nov.

### ■ Impact of index change on operating income in FY2023 (from Oct. 2023)

Index	Changes	Segment	Impact (¥bn)	
Crude Oil (Dubai)	+ 5\$/B	Energy	(-)	0.5
		Oil and Natural Gas E&P	(+)	3.0
		Subtotal	(+)	2.5
		Inventory Valuation	(+)	43.0
		<b>Total</b>	<b>(+)</b>	<b>45.5</b>
Copper (LME)	+10¢/lb	Metals	(+)	2.0
		<b>Total</b>	<b>(+)</b>	<b>2.0</b>
Exchange Rate	5¥/\$ Yen Depreciation	Energy	(+)	2.0
		Oil and Natural Gas E&P	(+)	2.0
		Metals	(+)	2.0
		Subtotal	(+)	6.0
		Inventory Valuation	(+)	26.0
		<b>Total</b>	<b>(+)</b>	<b>32.0</b>

Policies on initiatives for the realization of carbon neutrality and measures we are taking

**Reduction of our greenhouse gas emissions**

**Curbing greenhouse gas emissions**

- Appropriate treatment of crude oil (according to demand)
- **Efficiency improvement of manufacturing and businesses (energy conservation, fuel switching, utilization of renewable energy, etc.)**
- Utilization of carbon credits

**Artificial fixation of CO2**

- **CCS (carbon dioxide capture and storage)**
- New methods such as BECCS<sup>1</sup> and DACCS<sup>2</sup> utilizing CCS

**Increase of natural absorption of CO2**

- **Absorption by forests (afforestation and forest management, etc.)**
- Other natural absorption methods (blue carbon and soil carbon fixation)

**Contribution to the reduction of society's greenhouse gas emissions**

**Contribution to the reduction of emissions in the energy area**

- Pursuit of **energy transition (hydrogen, carbon-neutral fuels<sup>3</sup>, renewable energy, etc.)**

**Contribution to the reduction of emissions in the materials and services area**

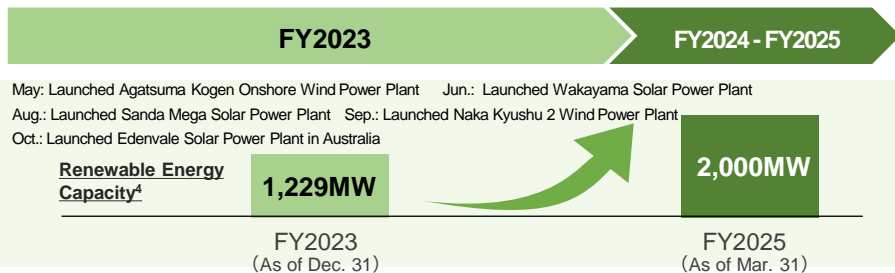
- Pursuit of **circular economy (recycling, sharing, etc.)**
- Expansion of supply of products contributing to **avoided emissions**

## Progress of Third Medium-Term Management Plan

### Targets

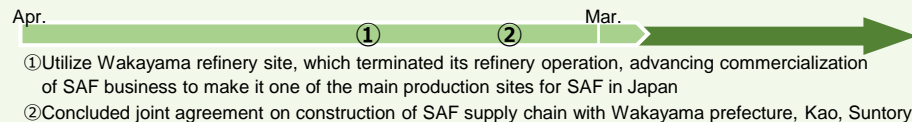
#### ➤ Renewable Energy

- ✓ **3rd Mid-Term Mgmt Plan target:** 2,000MW<sup>4</sup> generation capacity at the end of FY2025
- ✓ **Long-Term Vision target:** 6,000-8,000MW<sup>4</sup> in FY2040



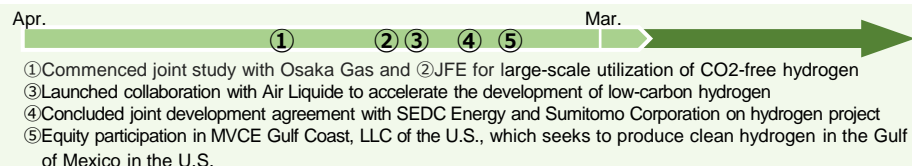
#### ➤ SAF

- ✓ **Long-Term Vision target:** 50% of domestic market share in 2040



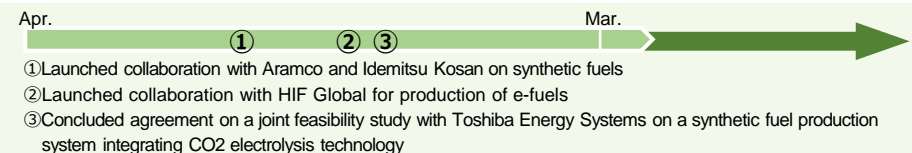
#### ➤ Hydrogen

- ✓ **Long-Term Vision target:** Supply 250kt per year in 2030 and 1,000~4,000kt per year / 50% of domestic market share in 2040



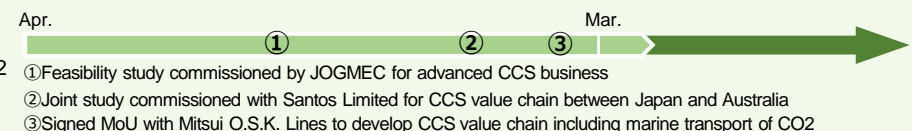
#### ➤ Low-carbon high-octane gasoline

- ✓ **Long-Term Vision target:** 10% blending of carbon-neutral fuels in high-octane gasoline in 2030 / 20% blending of carbon-neutral fuels in gasoline / 50% of domestic share in 2040



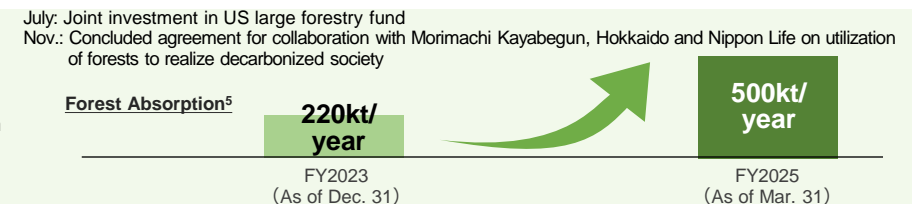
#### ➤ CCS

- ✓ **Long-Term vision target:** Store ~3,000kt of CO2 per year by 2030, 4,000kt~10,000kt of CO2 per year in 2040



#### ➤ Forest absorption

- ✓ **3rd Mid-Term Mgmt Plan target:** 500kt CO2 absorption<sup>6</sup> per year with natural absorption such as forest absorption



<sup>1</sup> Bio energy with carbon dioxide capture and storage <sup>2</sup> Direct air capture with carbon dioxide capture and storage <sup>3</sup> Biofuel + synthetic fuel

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.