June 4, 2024

Dear Our Shareholders,

Matters Subject to Measures for Electronic Provision That Are Not Provided in the Documents Delivered to Shareholders (Matters Omitted from the Delivery Document) Relating to the Convocation Notice of the 14th Ordinary General Meeting of Shareholders

The 14th Fiscal Term

(from April 1, 2023 to March 31, 2024)

ENEOS Holdings, Inc.

In accordance with the provisions of laws and regulations, and Article 15, paragraph 2 of the Articles of Incorporation of the Company, matters omitted from the delivery document are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents.

Business Report The 14th Fiscal Term (from April 1, 2023 to March 31, 2024)

1. Matters Concerning Present Condition of the Corporate Group

Major Business Activities (as of March 31, 2024)

Business Segment	Details of Major Business Activities	Details of Principal Operating Companies
Energy Business	・Manufacturing and marketing of petroleum products (e.g., gasoline, kerosene and lubricants) ・Manufacturing and marketing of petrochemical products and high-performance materials ・Supply of electricity, gas and hydrogen ・Development and operation of renewable energy power sources	ENEOS Corporation
Oil and Natural Gas E&P Business	・Exploration, development and production of oil and natural gas	JX Nippon Oil & Gas Exploration Corporation
Metals Business	・Manufacturing and marketing of semiconductor materials (e.g., sputtering targets and crystalline materials) ・Manufacturing and marketing of information and telecommunications materials (e.g., compressed copper foil, high-performance copper alloy strips, titanium metals, ultra-fine nickel powder for multilayer ceramic capacitors, communication lines and functional films) ・Exploration, development, manufacturing and marketing of base materials (e.g., copper, precious metals and rare metals)	JX Metals Corporation (currently JX Advanced Metals Corporation)
Other Business	・Civil engineering work, including roadwork and pavement construction ・Construction work	

2. Matters Concerning the Financial Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of the Remunerations (for the fiscal year 2023)

(Millions of yen)

(i) Amount of the Remuneration as the Financial Auditor of the Company	176
(ii) Total amount of monies and other property benefits to be paid by the Company and its subsidiaries	1,700

(Notes)

1. The Audit and Supervisory Committee examined the audit items, audit time, deployment plans, etc. in the audit plan drafted by the financial auditor, and the calculation basis of the remuneration estimates explained by the related sections in the Company, also in consideration of the performance of past fiscal years, the level of remuneration in other companies, and other factors. As a result, the Audit and Supervisory Committee came to determine that the amount of remuneration of the financial auditor was appropriate, and consented to it based on Articles 399.1 and 399.3 of the Japanese Companies Act.
2. The amount set forth in (i) above includes the amount of audit remuneration for the audit based on the Japanese Financial Instruments and Exchange Act because the amount of audit remuneration for the audit based on the Japanese Companies Act and the amount of audit remuneration for the audit based on the Japanese Financial Instruments and Exchange Act are not distinguished in the audit agreement between the Company and the financial auditor, and are not practically distinguishable.
3. The Company has paid the financial auditor fees for the preparation of comfort letters for issuance of bonds, which is non-audit service (service other than services set forth in Article 2, Paragraph 1 of the Japanese Certified Public Accountants Act).

(3) Policies on Determining Dismissal or Refusal of Reappointment of the Financial Auditor

a. If the Audit and Supervisory Committee deems that a financial auditor falls under any of the categories set forth in items of Article 340.1 of the Japanese Companies Act, and if it determines it necessary to immediately dismiss the financial auditor without obtaining a resolution of a general meeting of shareholders, the financial auditor shall be dismissed by the consent of all Audit and Supervisory Committee Members.

b. If the Audit and Supervisory Committee deems that a financial auditor falls under any of the following items, and if it determines that it is necessary to dismiss or refuse to reappoint the financial auditor, it shall decide the details of the proposal to be submitted to a general meeting of shareholders regarding the dismissal or non-reappointment of the financial auditor.

   (i) the financial auditor falls under any of the categories set forth in items of Article 340.1 of the Japanese Companies Act;

   (ii) the financial auditor is subject to an administrative punishment for a breach of laws and regulations, or is subject to a punishment pursuant to the rules established by The Japanese Institute of Certified Public Accountants; or

   (iii) the Audit and Supervisory Committee determines it reasonable to make the accounting audit proper and efficient.

3. System to Ensure Proper Operations and the Operating Effectiveness of Such System

(1) The Contents of the Resolution on Development of System to Ensure the Properness of Operations

The contents of the resolution on the Company's development of the system (the internal control system) set forth in Article 399-13.1.1 (b) and (c) of the Japanese Companies Act are as follows:

Under the "ENEOS Group Philosophy" and the "ENEOS Group Code of Conduct," with recognition of the importance of ESG (Environment, Social and Governance) management, the Company shall develop, based on the following basic policies, a system aimed at ensuring the properness of operations (the internal control system), and operate the system.

In operating the internal control system, the Company shall make efforts to continuously improve the system, and regularly monitor the operational status at the Executive Council's meeting, so that the internal control system will be implemented across the entire ENEOS Group, and done so effectively.

<u>1. System to Ensure That the Execution of Duties by Directors and Employees Complies with Laws and Regulations, and the Articles of Incorporation</u>

(1) The Company shall comply with laws and regulations, its articles of incorporation, and its rules, etc., in its entire operational spectrum by developing and enforcing rules aimed at fully ensuring compliance, so that the Company may carry out its corporate activities fairly and improve society's trust in the ENEOS Group, whether in or outside of Japan.

(2) The Company shall develop and operate organizational systems, such as committees, aimed at fully ensuring compliance, as well as regularly conduct inspection activities regarding the ENEOS Group's status of compliance, and shall take appropriate measures that correspond to the inspection results.

(3) The Company shall pursue early detection and early correction of the breaching of laws and regulations, as well as develop and operate a whistleblowing system in cooperation with attorneys-at-law in order to appropriately protect the whistleblower reporting a breach of laws and regulations. Also, the Company shall develop and operate systems required to ensure that any person who reports any incident to the Company by using a whistleblowing system, or by any other appropriate method, is not treated unfavorably on the grounds of making such a report (including by expressly prohibiting such treatment in the relevant rules, among others).

(4) In order to achieve appropriate operation of the Board of Directors' meetings, the Company shall establish "Rules for the Board of Directors." Based on these rules, it shall hold Board of Directors' meetings once every month in principle, and decide on the execution of important business activities after thorough deliberations, as well as receive reports from directors in an appropriate manner on the status of execution of their duties.

(5) By having outside directors attend the Board of Directors' meetings and participate in deliberations thereof, the Company shall aim to ensure objectivity and further improve the adequacy of decisions on the execution of business activities.

(6) The Company shall establish the Internal Audit Department, which will be in charge of internal auditing and which will implement audits independently from other divisions.

(7) The Company shall develop and operate an internal control system aimed at ensuring trust in its financial reporting, as well as evaluate the effectiveness of the reporting every year, and make any necessary corrections.

(8) To break off any relationship between the Company and anti-social forces, the Company shall set the basic policy for the entire ENEOS Group, and each company under the ENEOS Group shall develop and enforce the rules, etc., that correspond to each of their actual business activities, and fully ensure that the rules, etc., are complied with.

2. System for the Storage and Management of Information Related to the Execution of Duties by Directors and Employees

(1) The execution of duties by directors and employees shall in principle be conducted in writing, and the rules, etc., on document preparation, management, or the like, shall be established and enforced.

(2) The Company shall properly prepare minutes of the Board of Directors' meetings based on laws and regulations, and shall develop and enforce rules, etc. on the preparation, approval process, storage, or the like, of approval documents for each management position.

(3) The Company shall develop and enforce rules, etc., aimed at preventing wrongful use, disclosure, and divulgence of company information, and at appropriately handling confidential information and personal information, as well as at protecting its IT system from outside threats. In addition, the Company shall, by providing opportunities such as internal training, ensure that employees fully comply with the rules, etc.

(4) Based on the Japanese Companies Act, the Japanese Financial Instruments and Exchange Act and the Timely Disclosure Rules of the stock exchange, the Company shall appropriately prepare business reports, financial statements and annual securities reports etc., and shall disclose the company information appropriately and in a timely manner.

3. Rules and Other Systems for the Management of Risk of Loss

(1) In submitting an important matter, such as regarding a substantial amount of investment, to the Board of Directors' meeting or the Executive Council's meeting, policies on treatment of risks pertaining to the matter shall be defined after sorting out the anticipated risk. In addition, the Company shall, as necessary, appoint outside legal, accounting, tax and other advisors, and seek their opinions.

(2) The Company shall appropriately identify and analyze various risks that may affect the ENEOS Group's business activities, such as radical changes in the economy and financial conditions; drastic fluctuation in crude oil, copper metal, or other resource prices, or in currency exchange rates; the occurrence of a large earthquake; and climate change, etc., and shall develop and enforce the risk management systems and rules, etc., aimed at dealing with these risks.

(3) The Company shall promote internal control systems in order to manage the risks for the achievement of organizational goals in each department and shall develop and operate necessary systems and rules in order to achieve this.

(4) The Company shall achieve safety, preserve the environment and secure health, and shall carry out the measures for respecting human rights and for human resource development, and shall develop and operate necessary systems and rules for these purposes.

(5) To prepare for an event where a crisis or emergency significantly affects the ENEOS Group's management, the Company shall appropriately transmit and manage information regarding the crisis or the emergency, and shall develop and enforce systems and rules, etc., aimed at preventing the occurrence and expansion of damage.

4. System to Ensure Efficient Execution of Duties by Directors and Employees

(1) The Company shall set forth, in its rules on organization and authority, the organizational structure, management positions and business activity allocations in the Company, as well as matters for approval and the approval authority that correspond to each skill and management position, and have the duties executed in an efficient manner.

(2) In order to improve the agility of business execution, the Board of Directors shall delegate a part of its important decision-making on business execution to the President, and shall focus on the deliberations and determinations of the basic policies on management and basic policies for the development of internal control systems, as well as on the oversight of the execution of duties by directors and executive officers.

(3) The matters to be resolved by the Board of Directors shall in principle be approved by the President in advance. In addition, on the granting of the President's approval, the Executive Council shall be established as a body that discusses the President's approval of the matter, and appropriate and efficient decision-making shall be conducted after the management of the Company have conducted collective examination and deliberation.

(4) As well as formulating a long-term business plan for ENEOS Group, the Company shall develop a management plan for the next three (3) years in the Medium-Term Management Plan. In addition, the Company shall develop and operate management control systems such as the budget system and the objectives management system.

(5) The Company shall establish and operate an optimal IT system from the perspective of proper information management, standardization and optimization of business and strengthening of the internal control system.

5. System to Ensure Appropriate Business Operations within the Corporate Group

(1) Regarding the "ENEOS Group Philosophy" and the "ENEOS Group Code of Conduct," the Company shall define them as the philosophies and standards of conduct common to each company under the ENEOS Group, and shall work to disseminate them among and have them fully understood by each company.

(2) Under the supervision of the entire ENEOS Group by the Board of Directors, in order to establish a group management structure centered on the energy business, the management of the Company and ENEOS Corporation shall concurrently hold the management posts and shall integrally operate the two companies' Executive Council and the management divisions. Under the Company's policies on management, JX Nippon Oil & Gas Exploration Corporation and JX Metals Corporation (currently JX Advanced Metals Corporation) shall create, according to their business characteristics, highly self-directed, flexible and independent business execution systems.

(3) The Company shall set forth, in its "Rules for the Board of Directors" and the rules on organization and authority, the matters to be resolved at, approved by, or reported to the Company's Board of Directors' meetings and the Executive Council's meetings from among the matters regarding execution of the business activities of the group companies, and shall enforce those rules in an appropriate manner.

(4) The Company shall set forth, in its rules, etc., the basic matters regarding the operation of the ENEOS Group, such as the mission, purposes, basic role, structure of authority for decision-making in the Company and ENEOS Group companies, as well as develop and enforce the rules, etc., that should be applied to the entire ENEOS Group, and shall work to have each company under the group share and comply with the rules, etc.

(5) Regarding the systems related to internal control systems of the ENEOS Group (including systems related to compliance and systems related to internal controls through IT), the Company shall develop and operate them as systems that include the group companies, considering the business characteristics of the group companies.

(6) The Company shall appropriately develop and operate a compliance system, risk management system, system to execute business efficiently, and other internal control systems of the ENEOS Group by monitoring the development and operation of the internal control system at the Executive Council's meeting.

6. System to Ensure Effective Auditing by the Audit and Supervisory Committee

(1) The Company shall respect the audit standards and the audit plans set forth by the Audit and Supervisory Committee, and shall cooperate in the smooth performance of audits and the development of audit environment.

(2) The Company shall take necessary measures so that the Audit and Supervisory Committee members are able to attend important meetings, such as the Executive Council's meetings, and to understand the process of making important decisions and the status of execution of business activities. In addition, the Company shall develop and operate systems for the Company and group companies to appropriately report on the matters which the Audit and Supervisory Committee members request.

(3) The Company shall develop and operate systems for the Audit and Supervisory Committee to receive reports on any fact that may be identified concerning the Company or group companies, such as material breaches of laws and regulations or the articles of incorporation, fraudulent acts, or facts that could cause considerable damage to the Company, immediately when such a fact is identified. In addition, the Company shall develop and operate systems for the auditor of the group companies to report on the matters, such as audit results, which the Audit and Supervisory Committee members request.

(4) The Company shall develop and operate systems required to ensure that any person who reports any incident to the Company by reporting to the Audit and Supervisory Committee is not treated unfavorably on the grounds of making such a report (including by expressly prohibiting such treatment in the relevant rules, among others).

(5) The Representative Director and other management shall hold meetings with the Audit and Supervisory Committee members regularly, and exchange opinions on matters such as the ENEOS Group's management issues.

(6) The Internal Audit Department, which is in charge of internal audits, shall make efforts to maintain close cooperation with the Audit and Supervisory Committee, such as exchanging views about audit plans and audit results.

(7) The Company shall establish the Office of Audit and Supervisory Committee as an organization independent from the business execution department, and the employees appointed exclusively to the office shall assist in the Audit and Supervisory Committee's duties. Treatment of personnel, such as evaluation and transfer of such employees, shall be determined after prior discussions with the full-time Audit and Supervisory Committee members, in order to ensure the effectiveness of instructions that the Audit and Supervisory Committee gives to such employees.

(8) The Company shall, upon an Audit and Supervisory Committee member's request, appropriately bear any expenses or debt associated with the execution of duties of the Audit and Supervisory Committee member pursuant to Article 399-2, paragraph 4 of the Japanese Companies Act.

(Note) The Company resolved the revisions of contents of the above resolution at the Board of Directors' meeting held on April 18, 2024. Details of the revisions are as follows:

Details of revisions (underlined portions)

1. System to Ensure That the Execution of Duties by Directors and Employees Complies with Laws and Regulations, and the Articles of Incorporation

(2) The Company shall establish a Chief Compliance Officer (CCO) to manage group-wide risks from a legal perspective and oversee legal support for significant matters, in addition to formulating and disseminating the ENEOS Group Compliance Policy. The Company shall also develop and operate organizational systems, such as committees, aimed at fully ensuring compliance, as well as regularly conduct inspection activities regarding the ENEOS Group's status of compliance with laws and regulations, etc. (laws, articles of incorporation, contracts, rules, etc.) and shall take appropriate measures that correspond to the inspection results.

(3) The Company shall pursue early detection and early correction of the breaching of laws and regulations, etc., as well as develop and operate a whistleblowing system in order to appropriately protect the whistleblower reporting a breach of laws and regulations, etc. Also, the Company shall develop and operate systems required to ensure that any person who reports any incident to the Company by using a whistleblowing system, or by any other appropriate method, is not treated unfavorably on the grounds of making such a report (including by expressly prohibiting such treatment in the relevant rules, among others).

5. System to Ensure Appropriate Business Operations within the Corporate Group

(2) Under the basic management policies established by the Company and the supervision of the entire ENEOS Group by the Board of Directors, the Principal Operating Companies ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, JX Metals Corporation (currently JX Advanced Metals Corporation), ENEOS Materials Corporation, ENEOS Power Corporation and ENEOS Renewable Energy Corporation shall create, according to their business characteristics, highly self-directed, flexible and independent business execution systems.

(3) The Company shall establish a Group CxO position to strengthen cooperation among the Principal Operating Companies and optimize the allocation of management resources in order to improve Group governance.

(4) (Same as (3) before revision)

(5) (Same as (4) before revision)

(6) (Same as (5) before revision)

(7) (Same as (6) before revision)

(2) The Overview of the Operating Effectiveness of the System to Ensure Proper Operations

The following is an overview of the operating effectiveness of the internal control system of the Company. The Company monitored the operating effectiveness of the internal control system of the ENEOS Group in the Executive Council, and reported the results to the Board of Directors held on April 18, 2024.

1. System to Ensure That the Execution of Duties by Directors and Employees Complies with Laws and Regulations, and the Articles of Incorporation

(1) The Company has conducted a self-check of the internal control and associated compliance status check based on the "ENEOS Group Compliance Activity Basic Policies" which defines compliance activities that should be carried out by ENEOS Group companies. The situation and the result of those activities have been monitored by the ENEOS Group Internal Control Compliance Committee. Additionally, in this fiscal year, after commissioning the analysis and evaluation of outside experts regarding the compliance system to date, the Company established the following measures based on those results and proceeded with the execution of a portion of them.

a. Enhancement of Director Selection Process

It was decided that when conducting human resource due diligence of the Director candidates, the Company would analyze each situation in which risks are likely to materialize and have a third-party organization conduct interviews with candidates and conduct online testing, and that the detailed results of due diligence would be reported to the Nomination Advisory Committee to enable that committee to appropriately judge the suitability of the candidates.

b. Enhancement of Normative Awareness of Officers

The Company has decided to increase the frequency and enhance the content of compliance training and advance continued change in Officers' mindset.

c. Behavioral Management of Directors

New rules were established for Directors attending social gatherings and for others accompanying them.

d. Enhancement of Monitoring of Directors

Under a newly established system, Directors will mutually supervise each other's execution of (b) and (c) above, Directors will regularly undergo 360-degree evaluation, and the Audit and Supervisory Committee will check the progress and continuity of those measures.

(2) Based on "the ENEOS Group Internal Reporting System Basic Policies," the Company has developed and operated a whistleblowing system. The Company has developed and operated systems prohibiting unfavorable treatment, explicitly providing in the Policies, for example, that no whistleblower may be treated unfavorably on the grounds of making a whistleblower report.

(3) Based on the "Rules for the Board of Directors," the Company held Board of Directors' meetings 14 times this fiscal year with the attendance of the outside directors, thereby deciding on the execution of important business activities and receiving reports on the status of the execution of directors' duties. Effectiveness of discussions in the Board of Directors' meetings has been improved by enhancing the deliberation of the basic policies on management and monitoring of operating companies.

(4) The Internal Audit Department formulates an audit plan and sequentially conducts audits based on the plan. It also conducts internal audit flexibly based on specific topics, as required in accordance with the instructions of management. This fiscal year, it also moved forwards with initiatives to further improve auditing methods, such as by introducing new analysis tools.

(5) The Company conducts assessments of effectiveness concerning internal control over financial reporting pursuant to the Japanese Financial Instruments and Exchange Act. This year, the Company also moved forward with preparations for the revision of "Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" and "Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" by the Financial Services Agency.

(6) Based on the "ENEOS Group Basic Regulations on Anti-Social Forces," the Company investigates its business partners and takes contractual and other necessary measures to break off any relationship between the Company and anti-social forces.

2. System for the Storage and Management of Information Related to the Execution of Duties by Directors and Employees

(1) The Company executes the duties in principle in writing based on "Rules for Handling Documents," which sets out how documents are to be prepared and managed.

(2) The Company prepares minutes of the Board of Directors' meetings based on laws and regulations, and prepares documents for approval by each managerial position based on the "Rules for Handling Documents," and appropriately stores and manages them.

(3) Based on rules such as the "ENEOS Group Basic Rules for Information Security" and "Regulation for Protection of Personal Information," the Company appropriately manages the company information including confidential information and personal information. In this fiscal year, the Company worked on providing a response for the introduction of the electronic provision system of the Reference Materials for the General Meeting of Shareholders, etc. that resulted from revisions to the Companies Act.

(4) Based on the related laws and regulations and the stock exchanges' Timely Disclosure Rules, the Company appropriately prepares such documents as its business reports, financial statements, the securities report, and discloses them.

3. Rules and Other Systems for the Management of Risk of Loss

(1) In submitting important matters to the Board of Directors' meeting, the Company seeks opinions from outside advisors as necessary, identifies the anticipated risks pertaining to the matter, and defines the policy on how such risks are to be treated.

(2) The Company develops and operates systems to handle each type of risk by responding appropriately to risks related to group management based on the "Risk Management Policy on ENEOS Group Management," as well as by establishing and following rules concerning the derivative transactions, setting forth a business continuity plan in the event of a major earthquake, analyzing the effect of climate change on business and implementing measures therefor, and taking other measures.

(3) The Company has developed the "Basic Policy on Internal Control System of the ENEOS Group" to set forth fundamental matters concerning the ENEOS Group internal control system, and each department promotes internal control pursuant to the provisions of such policy in order to mitigate the risks that hinder the organization from achieving its objectives.

(4) The ENEOS Group has set the goal of achieving carbon neutrality for its own greenhouse gases by 2040. This fiscal year, the Company announced the Carbon Neutrality Plan, which included reduction targets for not only the Company's own CO_2 emissions volume, but also that of the supply chain. The Company has also systematically provided training programs to make Group's employees fully aware of respect for human rights as well as taking measures for preventing occupational accidents and improving the health of the Group's employees. In addition, the Company has provided various educational training to improve the skills of every single employee.

(5) The Company has established the "ENEOS Group Crisis and Emergency Response Regulations" to prepare for an event where a crisis or emergency such as a disaster or accident affects the Company and the ENEOS Group's management, and conducts training assuming that such crisis or emergency will occur, and verifies the results of the training.

4. System to Ensure Efficient Execution of Duties by Directors and Employees

(1) The Company has established the "ENEOS Holdings Organization Rules" and "ENEOS Holdings Authority Rules." Duties are executed pursuant to matters for approval and the approval authority as defined in these regulations.

(2) In order to strengthen the management and monitoring functions and to improve the agility of the execution of business activities, the Board of Directors delegates a part of the decision-making on execution of important business activities to the President, and conducts an operation wherein the Board of Directors can focus on deliberating and deciding on basic policies on management, such as the corporate governance of the ENEOS Group and Medium-Term Management Plan.

(3) The matters to be resolved by the Board of Directors are in principle approved by the President. In addition, to receive the President's approval, Executive Council meetings are held as a body to discuss matters for the President's approval.

(4) The Company formulates a Medium-Term Management Plan over three years in addition to the long-term vision of the ENEOS Group. This fiscal year, the Company formulated and announced the Third Medium-Term Management Plan, set the annual budgets and numerical targets based on this plan, and checked the progress status in the Executive Council's meetings and Board of Directors' meetings.

(5) The Company continued efforts to utilize data for the purpose of proper information management, standardization and optimization of business and strengthening of the internal control system and endeavored to further utilize the ERP system, by expanding the scope of application of business improvement tools, among other measures.

5. System to Ensure Appropriate Business Operations within the Corporate Group

(1) To disseminate and strictly apply "ENEOS Group Philosophy" and "ENEOS Group Code of Conduct," the Company continually holds internal seminars for each company in the ENEOS Group in addition to issuing the Integrated Report, etc.

(2) In the ENEOS Group, the management team of the Company also serve as management of ENEOS Corporation, and the Executive Council and management departments are operated as an integrated whole, but from April 2024 the Company will change to a new management structure with the aim of driving forward portfolio management under strong leadership. Specifically, in addition to dissolving integrated operations with ENEOS Corporation, the Company has decided to arrange the Group around the six Principal Operating Companies, building a structure for business execution that will enhance their autonomy, flexibility, and independence, in accordance with the distinctive characteristics of their respective businesses.

(3) In addition to the “Rules on the Operation of ENEOS Group,” the Company has established rules, to be applied to each company in the ENEOS Group, and ensures each company comply with them.

(4) The Company has established the “Basic Policy on Internal Control System of the ENEOS Group” as the policy for each company in ENEOS Group, and is promoting internal control in each company in the Group.

(5) The Company conducts surveys on the development and operation of the internal control system of the ENEOS Group every year, reports the results at the Executive Council’s meetings, and makes improvements as necessary.

6. System to Ensure Effective Auditing by the Audit and Supervisory Committee

(1) The Company respects the audit standards and the audit plans set forth by the Audit and Supervisory Committee, and cooperates in the development of audit environment.

(2) The Company shall take necessary measures so that the Audit and Supervisory Committee Members are able to attend important meetings, such as the Executive Council’s meetings, and to understand the process of making important decisions and the status of execution of business activities. The Company has also established the system to report required matters, periodically and as required, to the Audit and Supervisory Committee, such as the operation status of the whistleblowing system and status of incidents, accidents, and lawsuits, including those related to Group companies.

(3) The Company develops an environment in which the Audit and Supervisory Committee can appropriately gather information related to the Company’s management, by way of exchanges of opinions with the Representative Director and other management members, report on the audit plan and on how audits are being executed by the internal audit division and other ways.

(4) In the Office of Audit and Supervisory Committee, employees appointed exclusively to assist in the Audit and Supervisory Committee’s duties engage in their tasks under the direction of the Audit and Supervisory Committee Members. The treatment of personnel, such as the evaluation and transfer of such employees, is determined based on prior discussions with the full-time Audit and Supervisory Committee Members.

(5) The Company, upon an Audit and Supervisory Committee Member’s request, bears any expenses or debt associated with the execution of the duties of the Audit and Supervisory Committee Members.

End

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(Note)

The figures stated in this business report have been obtained by rounding off the fractions less than the unit indicated for each, and the ratios have been obtained by rounding off the fractions less than the digit indicated for each. However, the number of shares has been obtained by omitting the fractions less than the unit indicated for each, and the ratios regarding shares have been obtained by omitting the fractions less than the digit indicated for each.

Consolidated Financial Statements

Consolidated Statements of Changes in Equity (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance as of April 1, 2023	**100,000**	**932,432**	**1,635,585**	**(8,311)**
Profit for the year			288,121	
Other comprehensive income				
Total comprehensive income for the year	–	–	288,121	–
Purchase of treasury stock				(17,968)
Disposal of treasury stock		(626)		627
Dividends of surplus			(66,418)	
Share-based payment transactions		518		
Equity transactions with non-controlling interests, etc.		13,233		
Change in scope of consolidation				
Transfer from other components of equity to retained earnings			34,285	
Transfer from other components of equity to non-financial assets, etc.				
Changes due to business combination				
Other		(3,249)		
Total transactions with owners	–	9,876	(32,133)	(17,341)
Balance as of March 31, 2024	**100,000**	**942,308**	**1,891,573**	**(25,652)**

	Other components of equity					Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income (loss)	Changes in fair value of cash flow hedges	Exchange differences on translation of foreign operations	Remeasurement (losses) gains on defined benefit plans	Total			
Balance as of April 1, 2023	**59,597**	**(411)**	**140,940**	**–**	**200,126**	**2,859,832**	**427,746**	**3,287,578**
Profit for the year						288,121	57,361	345,482
Other comprehensive income (loss)	27,701	(13,781)	100,989	28,500	143,409	143,409	37,159	180,568
Total comprehensive income (loss) for the year	27,701	(13,781)	100,989	28,500	143,409	431,530	94,520	526,050
Purchase of treasury stock					–	(17,968)		(17,968)
Disposal of treasury stock					–	1		1
Dividends of surplus					–	(66,418)	(40,341)	(106,759)
Share-based payment transactions					–	518		518
Equity transactions with non-controlling interests, etc.	24		(5,169)		(5,145)	8,088	10,958	19,046
Change in scope of consolidation					–	–	(28,161)	(28,161)
Transfer from other components of equity to retained earnings	(5,785)			(28,500)	(34,285)	–		–
Transfer from other components of equity to non-financial assets, etc.		14,879			14,879	14,879	8,147	23,026
Changes due to business combination					–	–	910	910
Other					–	(3,249)	2,826	(423)
Total transactions with owners	(5,761)	14,879	(5,169)	(28,500)	(24,551)	(64,149)	(45,661)	(109,810)
Balance as of March 31, 2024	**81,537**	**687**	**236,760**	**–**	**318,984**	**3,227,213**	**476,605**	**3,703,818**

Notes to Consolidated Financial Statements (from April 1, 2023 to March 31, 2024)

1. Notes to Important Matters Fundamental for Preparation of Consolidated Financial Statements

(1) Standards for Preparation of Consolidated Financial Statements

The consolidated financial statements of the Company have been prepared in conformity with the International Financial Reporting Standards ("IFRS") pursuant to the provisions of Article 120.1 of Rules of Corporate Accounting. Some of the items in the consolidated financial statements required to be disclosed by IFRS have been omitted in accordance with the provisions of the second sentence of Article 120.1 of Rules of Corporate Accounting.

(2) Matters relating to the Scope of Consolidation and Application of Equity-Method

The Company has 581 subsidiaries and 166 equity method affiliates accounted for using the equity-method (associates, joint ventures and joint operations).

Major subsidiaries
ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, JX Advanced Metals Corporation, Toho Titanium Co., Ltd. and NIPPO CORPORATION

Major equity method affiliates
Osaka International Refining Co., Ltd., Abu Dhabi Oil Co., Ltd., United Petroleum Development Co., Ltd., Pan Pacific Copper Co., Ltd., SCM Minera Lumina Copper Chile and Minera Los Pelambres

(3) Matters relating to Accounting Policies

(i) Valuation standards and valuation method for assets

A. Valuation standards and valuation method for financial assets

Financial assets measured at amortized cost

Financial assets are categorized as financial assets measured at amortized cost if both of the following conditions are satisfied.

・Financial assets are held based on the business model whose purpose is to hold assets to recover contractual cash flows.
・A cash flow that only concerns the payment of the principal and interest accrued on the balance of the principal is accrued based on the contractual terms of the financial assets.

Subsequent to the initial recognition, the financial assets are measured at amortized cost using the effective interest method and undergo impairment loss evaluation.

Financial assets measured at fair value through other comprehensive income

Financial assets other than those measured at amortized cost are measured at fair value. Of such financial assets, each of the equity instruments other than those held for trading purposes is evaluated whether to be designated as a financial asset measured at fair value through other comprehensive income upon the initial recognition.

The financial assets designated as financial assets measured at fair value through other comprehensive income are measured at fair value subsequent to the initial recognition and all subsequent changes in such financial assets are recognized in other comprehensive income.

If any relevant financial asset is derecognized or its fair value has significantly declined, the amount recognized in other comprehensive income is transferred to retained earnings.

<u>Financial assets measured at fair value through net profit or loss</u>

Of financial assets other than the financial assets measured at amortized cost, those that are not designated as financial assets measured at fair value through other comprehensive income are categorized as financial assets measured at fair value through net profit or loss.

Subsequent to the initial recognition, all subsequent increases and decreases in such financial assets are recognized in net profit or loss.

B. Valuation standards and valuation method for inventories

Inventories are recorded at the lower of the acquisition cost and net realizable value. Net realizable value is the expected sales price in the ordinary course of business less estimated cost and estimated selling expenses required to complete. The acquisition cost is calculated mainly using the gross average method.

C. Valuation standards, valuation method and depreciation method for property, plant and equipment

For the measurement after recognition of property, plant and equipment, the cost model is adopted. The measurement value is indicated in the amount of acquisition cost less accumulated depreciation and accumulated impairment loss.

Expenditures relating to major maintenance and repair include the cost of replacing an asset or part of an asset, inspection costs and overhaul (detailed inspection) costs. Major inspection costs which qualify for recognition as property, plant and equipment are capitalized and depreciated over the period until the next inspection.

Depreciation of tangible fixed assets other than land is primarily calculated based on the straight-line method over the estimated useful life of each component of property, plant and equipment, with respect to the amortizable value after deducting the residual value from the acquisition cost.

Estimated useful lives of major property, plant and equipment are as follows.

Buildings, structures and oil tanks	2 years to 50 years
Machinery and vehicles	2 years to 20 years

Expenditure recognized as assets in the exploration, evaluation and development of oil and natural gas is depreciated using the units-of-production method after production begins.

D. Valuation standards and valuation method for intangible assets and goodwill

For the measurement after recognition of intangible assets, the cost model is adopted, and the measurement value is indicated in the amount of the acquisition cost less accumulated amortization and accumulated impairment loss. In addition, goodwill is indicated in the amount of the acquisition cost less the accumulated impairment loss.

Intangible assets are amortized principally using the straight-line method over the estimated useful lives of the acquisition cost less residual value.

Estimated useful lives of major intangible assets are as follows.

Software	5 years
Customer-related assets	10 years to 25 years
Contract-related assets	12 years to 20 years

E. Valuation standards and valuation method for the right-of-use assets

Lease liabilities are initially recognized at the present value of the lease payments outstanding as of the commencement date of the lease by discounting them at the interest rate implicit in the lease. However, if the interest rate implicit in the lease is not practicably readily determinable at the time of recognition, the ENEOS Group uses its own incremental borrowing rates.

Right-of-use assets are recognized in the amount calculated by adjusting the measured amount of lease liabilities with initial direct costs, advance lease payments, etc. and adding any estimated costs incurred to fulfill restoration arising from the lease contract, and are depreciated systematically over the lease term. In addition, right-of-use assets are included in “property, plant, and equipment” in the consolidated statements of financial position.

F. Impairment of non-financial assets

The ENEOS Group assesses the impairment indicators for each asset for each reporting period, and estimates the recoverable amount of the asset if there are indications of impairment. If the recoverable value cannot be estimated for individual assets, the recoverable value is estimated for each cash generating unit to which the asset belongs.

If the carrying amount of the asset or cash generating unit exceeds the recoverable amount, the impairment loss is recognized for the asset and the value is written down to the recoverable amount.

With respect to goodwill, an impairment test is carried out every year or whenever there is an indication of impairment. Impairment losses on goodwill are recognized in net profit or loss and are not reversed.

Assets other than goodwill are examined as to whether there is an indication of possible reduction or extinction of impairment losses recognized in the past reporting periods. If such indication exists, the recoverable amount of the asset or cash-generating unit is estimated, and if the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, the impairment loss is reversed up to the amount not exceeding the carrying amount after deducting the necessary depreciation or amortization expenses from the carrying amount where impairment loss is not recognized.

(ii) Recording standards for provisions

Provisions are recognized where the Company has a current legal or constructive obligation as a result of a past event and it is highly likely that an outflow of resources with economic benefits will be required to settle the obligation and where the amount of such obligation can be reliably estimated.

Provisions are measured in present value by applying to expenditures expected to be required for settlement of the obligation, the pre-tax discount rate that reflects the current market valuation of the time value of money and the risks specific to the obligation. Increase in provision over time is recognized as interest expense.

(iii) Other important matters for preparation of the consolidated financial statements

A. Business combinations and goodwill

The Company applies the acquisition method to account for business combinations. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as of the acquisition date. Acquisition-related costs are recognized as expenses as incurred. For each transaction, the Company determines whether to measure the non-controlling interest at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Goodwill is measured as the excess when the aggregate of the consideration transferred for the business combination, the amount of any non-controlling interest in the acquiree and the fair value of any equity interest in the acquiree previously held by the acquirer exceeds the net amount of identifiable assets and liabilities at the acquisition date.

When the aggregate amount falls below the net amount of identifiable assets and liabilities due to a bargain purchase, the difference is directly recognized as net profit or loss in the consolidated statements of profit or loss. Goodwill is tested for impairment annually and whenever there is an indication of impairment. Goodwill is presented at acquisition cost less accumulated impairment losses. Any impairment losses on goodwill are recognized as net profit or loss in the consolidated statements of profit or loss and are not reversed.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units, or CGUs, or groups of CGUs expected to benefit from synergies of the business combination.

B. Foreign currency translation

The Company's consolidated financial statements are indicated in Japanese yen, the functional currency of the Company.

Transactions denominated in foreign currencies are translated into functional currencies of each group company at the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency at the end of the fiscal year are re-translated to functional currency at the exchange rate at the end of the fiscal year, and non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into functional currency at the exchange rate at the date of calculation of the fair value. Foreign currency translation differences arising therefrom are in principle recognized in net profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured at acquisition cost are translated at the exchange rate of the transaction date.

Assets and liabilities of foreign operations are translated into Japanese yen using exchange rates at the end of the fiscal year, and income and expenses are translated into Japanese yen using the average exchange rate in the reporting period unless there have been significant fluctuations in the exchange rate during the reporting period. Differences arising from foreign currency translation are recognized in other comprehensive income.

C. Retirement benefits

The ENEOS Group operates both defined benefit plans and defined contribution plans. The liability recognized in the consolidated statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

For components of defined benefit costs, service costs and the net interest in the net defined benefit liability (asset) are recognized in profit or loss. Remeasurements, which include actuarial gains and losses arising from differences between estimates and actual experience, and changes in actuarial assumptions, are recognized in other comprehensive income in the period in which they arise. The ENEOS Group reclassifies such amounts recognized in other components of equity to retained earnings immediately as they are not permitted to be reclassified to profit or loss but may be reclassified within equity. Past-service costs are recognized in profit or loss.

Retirement benefit costs for defined contribution plans are recognized as expenses in the period in which the employees render the related services, and contributions payable are recognized as liabilities.

D. Revenue recognition

The ENEOS Group recognizes revenue based on the five-step approach in IFRS 15 “Revenue from Contracts with Customers,” excluding interest and dividend income or the like under IFRS 9 “Financial Instruments.”

Taxes, such as value-added taxes or gas oil delivery taxes, which are imposed at the point of sale and considered to have been collected as an agent on behalf of the governmental authority, are excluded from revenue and are presented on a net basis. Conversely, taxes, such as gasoline taxes, which are costs imposed during the process prior to sales and which are subsequently included in the sales price, are included in revenue.

Details of other accounting policies related to the recognition and measurement of revenue from the businesses of the ENEOS Group are as presented in “7.(1) Breakdown of revenue” in the notes to the consolidated financial statements.

E. Government grants

Government grants are recognized at fair value where there is reasonable assurance that the grant will be received and the attached conditions will be complied with.

When government grants are related to expense items, they are recognized as income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized. With regard to grants relating to assets, the amount of the grants is deducted from the cost of the assets.

F. Income tax expense

Income tax expense comprises current taxes and deferred taxes.

These are recognized in profit or loss, except for the taxes which arise from business combinations or are recognized either in other comprehensive income or directly in equity.

Current income taxes are calculated as expected taxes payables or receivables on the taxable income or tax losses, using the tax rates that have been enacted or substantially enacted by the end of the reporting period, adjusted by taxes payable or receivable in prior fiscal years.

Deferred tax assets and liabilities are measured based on temporary differences between the carrying amount of assets and liabilities for accounting purposes and their tax bases, and tax loss carryforward and tax credit carryforward at the end of the reporting period.

No deferred tax assets or liabilities are recognized in relation to the following temporary differences.

- Cases where taxable temporary differences arise as a result of the initial recognition of goodwill
- Cases involving the initial recognition of an asset or liability arising from a transaction that is not a business combination, has no impact on either accounting profit or taxable profit at the time of the transaction, and does not give rise to taxable temporary differences and deductible temporary differences of the same amount at the time of the transaction

- Cases involving a taxable temporary difference associated with an interest in a subsidiary, associate, or joint arrangement where the timing of the reversal of the temporary difference can be controlled and it is likely that the temporary difference will not be reversed in the foreseeable future, or involving a deductible temporary difference that is unlikely be reversed in the foreseeable future

Deferred tax assets and liabilities are measured using the tax rate enacted or effectively enacted up to the end of the reporting period, or the tax rate that is expected to apply at the time the related deferred tax assets are realized or the related deferred tax liabilities are settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which tax loss carryforward, tax credit carryforward and deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

The Company and some of its subsidiaries in Japan apply group tax relief system.

2. Notes to Significant Accounting Estimates

The Company's consolidated financial statements include management's estimates. Although these estimates are based on the best estimates by management in light of historical experience and various factors, etc. deemed to be reasonable at the end of the reporting period, actual results may differ from those estimates.

Major estimates that may have significant impact on the Company's consolidated financial statements are as follows.

(1) Impairment of non-financial assets

The ENEOS Group tests property, plant and equipment, goodwill, and intangible assets for impairment in accordance with "1. (3) Matters relating to Accounting Policies" in Notes to Consolidated Financial Statements. In the calculation of recoverable amount in impairment test, estimated future cash flows, discount rate, etc. are determined.

In the calculation in each impairment test, estimated future cash flows are determined by management's best estimates and judgments based on a business plan approved by management. However, because estimated future cash flows are subject to effects of changes in uncertain factors such as sales volume, commodity price and foreign exchange rates included in the estimated future cash flows, consolidated financial statements could be affected significantly if these estimates and recoverable amount need to be reviewed.

Accordingly, of "other expenses," the amount recorded as impairment loss in this fiscal year was 79,154 million yen. In addition, the amount recorded as "property, plant and equipment," "goodwill," and "intangible assets" at the end of this fiscal year was 4,292,731 million yen.

The amount posted for this fiscal year includes an impairment loss of 21,068 million yen caused by ENEOS Corporation, which is a subsidiary of the Energy segment, discontinuing the use of certain business assets and reducing the book value for said facilities and land, based on real estate appraisals, etc., to the fair value after deducting disposal costs. This is classified as Level 3 in the fair value hierarchy.

On December 22, 2023, JX Metals Corporation (currently JX Advanced Metals Corporation), which is a subsidiary of the Metals segment, signed an agreement with Marubeni Corporation for the sale of 20% of the shares of Pan Pacific Copper Co., Ltd. ("PPC"), of which it held 67.8%, to Marubeni Corporation, with the aim of strengthening the competitiveness of the base business of the Metals segment. Because it was certain that this would result in the loss of control of PPC, the full amount of PPC's assets and liabilities was subsequently classified as the held-for-sale disposal group, and the transfer of these shares was completed in the fourth quarter of this fiscal year. At the time the classification was made, as a result of measuring at fair value less costs to sell (49,159 million yen) based on the contractual sale value, etc., 15,209 million yen was recorded as an impairment loss. This is classified as Level 3 in the fair value hierarchy.

(2) Estimates of oil and natural gas reserves

Depreciation of assets related to oil and natural gas is calculated at a ratio of output during the reporting period to total of proved reserves and probable reserves by production unit using the units-of-production method. Estimates of these reserves include many uncertain assumptions such as commodity price, foreign exchange rates, production cost, and future capital expenditure. These assumptions are determined based on management's best estimates and judgments.

The estimates of these reserves are related to 440,888 million yen of exploration and development investment account, among "property, plant and equipment" recorded at the end of this fiscal year.

Because assumptions used to estimate reserves are subject to effects of future changes in uncertain economic conditions, consolidated financial statements could be affected significantly if these estimates need to be reviewed.

(3) Income tax expense

The ENEOS Group is affected by income taxes in multiple tax jurisdictions, and significant judgments are required to determine the estimated amount of income taxes around the world.

In this fiscal year, the amount recorded as "income tax expense" was 102,593 million yen.

Depending on transactions and calculation method, the final tax amount often includes uncertainty. Liabilities are recognized for any possible problem in tax examination based on estimation of whether additional tax collection is required. If the final tax amount related to such problems differs from the initially recognized amount, consolidated financial statements could be affected significantly.

Moreover, the amount of deferred tax assets is calculated to the extent that it is probable that taxable profits will be available against which deductible temporary difference, unused tax credit carryforward and the loss carryforward can be utilized. The timing when taxable profits arise in the future and the amount of such profits are estimated based on the business plan approved by management including assumptions of sales volume, commodity price and foreign exchange rates.

Accordingly, the amount recorded as “deferred tax assets” at the end of this fiscal year was 77,808 million yen.

The timing when taxable profits arise in the future and the amount of such profits are subject to effects of future changes in uncertain economic conditions. Therefore, if the timing when taxable profits actually arise and the amount differ from the estimates, the amount of available deferred tax assets also changes accordingly, and consequently, consolidated financial statements could be affected significantly.

(4) Evaluation of inventories

Inventories are recorded at the lower of the acquisition cost and net realizable value. If the net realizable value falls below the acquisition cost at the end of the reporting period, inventories are measured at the net realizable value and a difference from the acquisition cost (write-down) is recorded in cost of sales.

Accordingly, the amount recorded as “inventories” at the end of this fiscal year was 1,832,855 million yen.

If the market environment changes greatly in the future and the net realizable value declines dramatically, a large amount of difference (write-down) may arise in cost of sales, and consolidated financial statements could be affected significantly.

(5) Retirement benefits

The ENEOS Group has retirement benefit plans including a defined benefit plan. The present value of the defined benefit obligation for each of these plans and related service cost, etc. are calculated based on actuarial assumptions. Actuarial assumptions require estimates and judgments on diverse variables such as discount rate.

Accordingly, the amount recorded as “liabilities for retirement benefits” was 161,648 million yen at the end of this fiscal year.

Appropriateness of actuarial assumptions including diverse variables is determined by management’s best estimates and judgments based on advice from external pension actuaries. However, because these assumptions are subject to effects of future changes in uncertain economic conditions, if the assumptions need to be revised, consolidated financial statements could be affected significantly.

(6) Provisions and contingent liabilities

The ENEOS Group records various provisions, such as asset retirement obligation, in the consolidated statements of financial position. These provisions are calculated based on the best estimates of expenditure required for settlement of debts, taking into account risk and uncertainty on changes of future payment amount and time of payment at the end of the reporting period.

Accordingly, the amount recorded as “provisions” was 157,653 million yen at the end of this fiscal year.

The amount of expenditure required for settlement of debts is calculated, comprehensively taking into consideration future possible outcome, but may be affected by occurrence of any unforeseeable event and changes in the situation. If the actual payment amount or time of payment differs from the estimate, the amount to be recognized in consolidated financial statements in and after the following reporting period could be affected significantly.

In addition, as for contingent liabilities, items that may have significant impact on future businesses are disclosed in light of all evidence available at the end of the reporting period after taking into consideration probability of the occurrence and impact on the amount.

(7) Fair value measurement

The ENEOS Group measures financial assets (shares) measured at fair value through other comprehensive income for which there is no quoted price in an active market at fair value using appropriate valuation techniques.

Of “other financial assets” in non-current assets recorded at the end of this fiscal year, 103,017 million yen corresponds to these financial assets (shares).

In the measurement of fair value, assumptions based on the choice of valuation techniques, market conditions at the end of the reporting period, etc. are used. These assumptions in the fair value measurement are determined based on management’s best estimates and judgments. However, because the assumptions are subject to effects of future changes in uncertain economic conditions, if they need to be reviewed, consolidated financial statements could be affected significantly.

(8) Effect of the transition to a decarbonized society

Accounting estimates and judgments related to impairment of non-financial assets and other issues take into consideration the transition to a decarbonized society, and affect the consolidated financial statements. With the objective of leading Japan’s energy transition and making a significant contribution to the formation of a decarbonized society, the Company announced the Carbon Neutrality Plan in May 2023. During its formulation, we referred to and considered the IEA WEO’s STEPS(Note 1), APS(Note 2), and NZE(Note 3), from which we have taken the interim scenario. This scenario affects the ENEOS Group accounting estimates and judgments.

On the other hand, while the above scenario depicted by the Company for a transition to a decarbonized society addresses such uncertainties as declining demand over the medium to long term caused by the move to carbon neutrality, short-term business conditions will have a more noticeable effect when measuring assets and liabilities in the consolidated financial statements. For that reason, even supposing there were indications under the above scenario that the ENEOS Group’s assets would be impaired and liabilities would increase, we do not believe that this would necessarily have an immediate effect on the measurement of assets and liabilities in the consolidated financial statements.

A particularly important item from the perspective of the transition to a decarbonized society is the goodwill that arose from the business integration with TonenGeneral Sekiyu K.K. that took place on April 1, 2017, the balance of which was 160,155 million as of the end of this fiscal year.

Important accounting estimates and judgments take into account ENEOS Group policies, and the results of research from external organizations that consider the policies of various countries and other factors, and accounting is based on assumptions that management rationally assessed as being likely as of the end of the fiscal year.

Nevertheless, future changes in ENEOS Group policy or the policies, etc. of various countries regarding the transition to a decarbonized society could have a significant effect on the consolidated financial statements.

(Notes) 1. Stated Policies Scenario (scenario that reflects policies currently announced by various countries)
2. Announced Pledges Scenario (scenario that assumes that aspirational targets by various countries are achieved)
3. Net Zero Emissions by 2050 Scenario (scenario that assumes that net zero is achieved globally by 2050)

3. Notes to Consolidated Statements of Financial Position

(1) Assets offered as security, and obligations relating to security

(i) Assets offered as security

Property, plant, and equipment: ··································993,695 million yen
Cash and cash equivalents: ·· 59,008 million yen
Other: ·· 45,914 million yen

In addition to the above, shares of subsidiaries (acquisition cost; 237,841 million yen as of March 31, 2024) and long-term loans (amortized cost; 86,418 million yen as of March 31, 2024), which are eliminated in the consolidated statements of financial position, are pledged as collateral.

In project finance agreements, all project-related contracts, including sales contracts involving feed-in tariffs (FIT) for renewable energy are included in collateral.

(ii) Obligations related to security

Accounts payable: ···190,576 million yen
Long-term loans payable (including current portion):··········475,437 million yen
Other: ·· 27,613 million yen

Accounts payable is included in “trade and other payables” of the Consolidated Statements of Financial Position.

The obligations corresponding to the assets offered as security include, in addition to (ii) above, the transaction guarantee of 1,301 million yen, and loans payable and accounts payable by equity method affiliates, or the like of 105,898 million yen.

(2) Breakdown of property, plant, and equipment

Buildings, structures and oil tanks: ······ 556,356 million yen
Machinery and vehicles: ······ 774,762 million yen
Land: ······ 1,456,346 million yen
Construction in progress: ······ 259,143 million yen
Exploration and development investment account: ······ 440,888 million yen
Other: ······ 57,225 million yen

(3) Loss allowance directly deducted from assets

Trade accounts receivables and acceptance receivables: ······ 2,183 million yen
Other: ······ 1,728 million yen

Trade accounts receivables and acceptance receivables are included in "trade and other receivables" of the Consolidated Statements of Financial Position.

(4) Accumulated depreciation and accumulated impairment loss of property, plant, and equipment:

5,755,181 million yen

(5) Breakdown of bonds and borrowings

(i) Current

Bonds: ······ 40,806 million yen
Short-term borrowings: ······ 470,299 million yen
Long-term borrowings to be repaid within one year: ······ 192,413 million yen

(ii) Non-current

Bonds: ······ 550,112 million yen
Long-term borrowings: ······ 1,566,412 million yen

(6) Guarantee obligations

The Company provides guarantees, or the like, to, among others, loans from financial institutions by companies other than the subsidiaries. The Company also provides guarantees to employees' loans (housing funds).

Equity method affiliates: ······ 74,459 million yen
Other companies and employees: ······ 7,463 million yen

4. Notes to Consolidated Statements of Profit or Loss

(1) Breakdown of other income and expenses

(i) Other income

Dividend income: ······ 14,944 million yen
Rental income: ······ 10,373 million yen
Gain on sale of fixed assets: ······ 46,961 million yen
Exchange gain: ······ 17,261 million yen
Other: ······ 44,071 million yen

(ii) Other expenses

Impairment loss: ········ 79,154 million yen
Loss on sale and retirement of fixed assets: ········ 13,102 million yen
Other: ········ 46,681 million yen
For details of impairment loss, pleases refer to "2. Notes to Significant Accounting Estimates (1) Impairment of non-financial assets."

(2) Breakdown of finance income and costs

(i) Finance income

Interest income: ········ 12,958 million yen
Exchange gain: ········ 16,656 million yen
Other: ········ 1,009 million yen

(ii) Finance costs

Interest expense: ········ 42,317 million yen
Other: ········ 5,177 million yen

5. Notes to Consolidated Statements of Changes in Equity

(1) Class and Total Number of Issued Shares: Common stock 3,032,850,649 shares
(as of March 31, 2024)

(2) Purchase of treasury stock

Based on the resolution of the Board of Directors' meeting held on February 9, 2024, the Company purchased its treasury stock of 17,662 million yen (26,790,100 shares) in this fiscal year. Together with 306 million yen due to purchase from holders of shares less than one unit, etc., the aggregate amount of purchase of treasury stock totaled 17,968 million yen.

(3) Equity transactions with non-controlling interests, etc.

In the current fiscal year, the main component of the 13,233 million yen in capital surplus that arose as a result of equity transactions with non-controlling interest, etc. was the 16,673 million yen increase in capital surplus attributable to owners of the parent that arose as a result of the sale of some shares of Minera Los Pelambres, which is owned by two subsidiaries of the Metals segment.

Since the above share sale transaction was a capital transaction that did not involve a change in the scope of consolidation and resulted in a change in ownership interest in a subsidiary, other components of equity were reallocated through equity between equity attributable to owners of the parent and noncontrolling interests, resulting in a 5,169 million yen decrease in exchange differences on translation of foreign operations.

(4) Written Put Option Held Against Non-controlling Shareholders

The ENEOS Group recognizes the fair value of the redemption amount of the written put option held against non-controlling shareholders as financial liability and has discontinued to recognize non-controlling interests which are the subject of the put option, and includes the difference between them in capital surplus. Such amount included in "capital surplus" in this fiscal year was 3,249 million yen.

(5) Dividends of Surplus

(i) Dividends paid

Resolution	Class	Total Dividends (Millions of yen)	Dividends per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 28, 2023	Common stock	(Note 1) 33,281	11.0	March 31, 2023	June 29, 2023
Board of Directors' Meeting held on November 8, 2023	Common stock	(Note 2) 33,281	11.0	September 30, 2023	December 1, 2023

(Note 1) Total dividends include dividends of 73 million yen on the shares held by the BIP trust, an executive incentive plan.

(Note 2) Total dividends include dividends of 71 million yen on the shares held by the BIP trust, an executive incentive plan.

(ii) Dividends with record date falling in the current fiscal year, and with effective date coming in the following fiscal year

Scheduled Resolution Date	Class	Source of Dividends	Total Dividends (Millions of yen)	Dividends per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 26, 2024	Common stock	Retained earnings	(*) 32,986	11.0	March 31, 2024	June 27, 2024

(*) Total dividends include dividends of 63 million yen on the shares held by the BIP trust, an executive incentive plan.

6. Notes to Financial Instruments

(1) Matters relating to Status of Financial Instruments

The ENEOS Group is striving to realize and maintain optimal capital structure to achieve medium- to long-term group strategy and maximization of corporate value.

The ENEOS Group, which is exposed to various risks such as credit risk, liquidity risk and market risk in the course of its business activities and financing activities, manages risks as described below.

(i) Credit risk

The ENEOS Group implements measures for early grasp of collection concerns and other credit risks, by properly managing each business partner in accordance with the ENEOS Group's credit management rules and other internal policies.

The receivables held by the Company are receivables against a large number of business partners in a wide range of industries and regions. The Company is not exposed to a material credit risk pertaining to a specific business partner, and there is no excessive concentration of credit risk requiring special management.

(ii) Liquidity risk

In order to secure the minimum cash on hand in carrying out the business, the ENEOS Group takes out loans from financial institutions and issues corporate bonds or commercial paper, whenever necessary. The ENEOS Group has also established a commitment line in case of emergency such as where it unexpectedly faces a necessity of funds or where market liquidity suddenly declines.

In addition, as an effort to manage liquidity risk, the ENEOS Group appropriately grasps the group companies' demand for funds, prepare a cash management plan and monitor cash flows by comparing the plan with actual cash flows.

(iii) Market risk

To hedge market risk, the ENEOS Group uses derivative financial instruments such as forward exchange contracts, interest rate swaps and commodity futures transactions. The execution and management of derivative transactions are in accordance with internal rules that stipulate trading authorities. It is the ENEOS's policy not to conduct speculative transactions using derivative financial instruments.

Changes in fair value of derivatives that meet hedge accounting requirements are, in principle, recognized in other comprehensive income.

(2) Matters relating to Fair Value, and the like of Financial Instruments

(i) The carrying amount and fair value of the financial instruments measured at amortized cost

(Millions of yen)

	Current Fiscal Year (March 31, 2024)	
	Carrying Amount	Fair Value
Bonds and borrowings	2,820,042	2,778,612

The fair value of bonds issued by the Company is calculated using the reference statistical prices of the Japan Securities Dealers Association, and is classified as Level 2 on the fair value hierarchy because the fair value is measured using observable market data. The fair value of other bonds and borrowings of ENEOS Group is estimated by discounting future cash flows to the present value using interest rates applicable when ENEOS Group takes out a new similar loan. These are classified as Level 2 because the inputs are observable.
The Company does not disclose the financial instruments measured at fair value in the consolidated statements of financial position and the financial instruments with fair value being nearly equal to its carrying amount.

(ii) Financial instruments measured at fair value

All financial instruments measured at fair value are categorized within the following three levels of fair value hierarchy, based on the observability in market of inputs used in fair value measurement:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly
Level 3: Unobservable inputs

(Millions of yen)

Recurring fair value measurement	Current Fiscal Year (March 31, 2024)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through net profit or loss				
Other financial assets (derivatives)	–	10,409	(Note 1) 13,739	24,148
Financial assets measured at fair value through other comprehensive income				
Other financial assets (equity investments)	180,896	–	103,017	283,913
Financial liabilities measured at fair value through net profit or loss				
Other financial liabilities (derivatives)	–	15,622	(Note 2) 17,766	33,388
Other financial liabilities (preferred stock)	–	–	18,201	18,201
Other				
Other financial liabilities (derivatives)	–	–	(Note 3) 15,763	15,763

A. Other financial assets (derivatives) and other financial liabilities (derivatives)

Within derivatives, the fair value of foreign exchange forward contracts is determined based on forward exchange quotation at the end of the reporting period. The fair value of interest rate swaps is determined by discounting future cash flows to their present value using the remaining period to maturity and the rate at the end of the reporting period. The fair value of commodity derivatives is determined based on publicly available indexes at the end of the reporting period. All of these derivatives are classified as Level 2. The fair value of the purchased call options toward non-controlling interests (Note 1) and the fair value of the written call options (Note 2) and the written put options (Note 3) granted to non-controlling interests are calculated by discounting future cash flows or other valuation approaches, and constitutes Level 3. The fair value of purchased put options towards controlling interests in equity method affiliates (Note 1) and the fair value of written call options granted to controlling interests of equity method affiliates (Note 2) are calculated using a binomial model, and constitute Level 3.

B. Other financial assets (equity investments)

Fair value of listed equity investments is determined using unadjusted quoted prices based on the closing price of the market at the end of the reporting period, and are classified as Level 1. Unlisted equity investments are calculated using valuation techniques based on discounted future cash flows, etc., and using appropriate valuation techniques, and are classified as Level 3 on the fair value hierarchy.

C. Other financial liabilities (preferred stock)

The fair value of preferred stock is determined using the dividend discount method and is classified as Level 3.

(iii) Financial instruments classified as Level 3

Changes in other financial assets (derivatives) classified as Level 3 are shown below:

(Millions of yen)

	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
At beginning of the year	1,931
Losses (gains) recognized in profit or loss	(Note) 11,808
At end of the year	13,739

(Note) Includes 12,411 million yen in purchased put options towards controlling interests in equity method affiliates. This amount is the net of losses and gains recognized in profit and loss arising from the written call options granted to these controlling interests, and is included in “other expenses” in the consolidated statements of profit or loss.

Changes in other financial assets (equity investments) classified as Level 3 are shown below:

(Millions of yen)

	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
At beginning of the year	90,285
Gains (losses) included in other comprehensive income	12,720
Purchases	3,227
Sales	(649)
Settlements	(4,618)
Other changes	2,052
At end of the year	103,017

Gains (losses) included in other comprehensive income relate to financial assets measured at fair value through other comprehensive income as of the balance sheet date.

Changes in other financial liabilities (preferred stock) classified as Level 3 during the reporting period are shown below:

(Millions of yen)

	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
At beginning of the year	16,160
Losses (gains) recognized in profit or loss	(117)
Other changes	2,158
At end of the year	18,201

Gains or losses recognized in profit or loss are included in “Finance income or costs” in the consolidated statements of profit or loss.

Changes in other financial liabilities (derivatives) classified as Level 3 during the reporting period are shown below:

(Millions of yen)

	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
At beginning of the year	18,565
Losses (gains) recognized in profit or loss	(Note)13,119
Other changes	1,845
At end of the year	33,529

(Note) Includes 12,629 million yen in written call options granted to controlling interests in equity method affiliates. This amount is the net of losses and gains recognized in profit and loss arising from the purchased put options towards these controlling interests, and is included in “Other expenses” in the consolidated statements of profit or loss.

In accordance with the Company’s policy, the fair value of unlisted equity investments classified as Level 3 is measured by each group entity which directly holds the equity investments. The appropriateness of the fair value determination is verified on a continuous basis through the valuation policy and the valuation model developed, maintained and updated by the Company, and periodic monitoring of businesses of each unlisted company evaluated.

The significant unobservable inputs used in the measurement of fair value of unlisted equity investments classified as Level 3 are the discount rate used in the discounted cash flow method and the assumptions used in the estimation of the future cash flows, such as future commodity prices based on market price and foreign exchange rates which are assumed based on the year-end exchange rate. The discount rate applied by the Company is approximately 10%. Changes in the fair value are not expected to be significant, assuming a 0.5% increase/decrease in discount rate or a 10% increase/decrease in future commodity prices based on market price at the end of the reporting period.

7. Notes to Revenue Recognition

(1) Breakdown of revenue

ENEOS Group operates an Energy Business, Oil and Natural Gas E&P Business, Metals Business, and Other Business, and the revenues recorded by these businesses are presented as revenue because these segments are subject to regular review by the Company’s board of directors in order to make decisions about the allocation of resources and assess performance. In addition to IFRS 15 “Revenue from Contracts with Customers,” revenue related to commodities and other instruments in accordance with IFRS 9 “Financial Instruments” and government grants in accordance with IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” are included in revenue as revenue from other sources. In addition, revenue is broken down by regions based on customers’ locations. The reconciliation of revenue disaggregated by geographical region and revenue for each reportable segment is as follows:

(Millions of yen)

Current Fiscal Year (From April 1, 2023 to March 31, 2024)						
Region		Energy	Oil and Natural Gas E&P	Metals	Other	Total
Japan		9,067,202	36,886	800,882	441,973	10,346,943
Asia	China	483,413	51,266	251,843	191	786,713
	Other parts of Asia	1,302,819	96,782	361,452	5,177	1,766,230
Other		829,354	19,929	97,928	9,565	956,776
Total		11,682,788	204,863	1,512,105	456,906	13,856,662

(Note) Amounts after exclusion of internal transactions between group companies are presented.

(i) Energy Business

The Energy Business is engaged in the sales of petroleum products (gasoline, kerosene, lubricants, etc.), petrochemicals, gas (LPG/LNG), electricity, etc.

In the sales of such products, in principle, the legal rights of ownership, possessory rights, the material risks accompanying the ownership of products and the economic value transfer to the customer at the time when the control over the product transfers to the customer, i.e. when the product is delivered to the customer, and the rights to receive consideration for the product from the customer are obtained. Thus, revenue is recognized at that point. In addition, because revenue is recognized based on the transaction price in the contract with the customer and the consideration for transactions is received within one year of the delivery of products, the transactions do not include any significant financing components. Regarding transactions in which the consideration can fluctuate, the revenue therefrom is recognized only within the scope wherein it is highly probable that no significant reverse will occur in the future by using the single amount which is the most likely amount within the range of possible consideration amounts.

In this fiscal year, revenue from other sources included in “revenue” contains 231,207 million yen of revenue derived from trading of petroleum products and other products in a US subsidiary. The transactions are accounted for as derivative instruments in accordance with IFRS 9 “Financial Instruments” because the purpose of these transactions is to generate margins as a distributor, and the company enters into sales contracts and trades the products in a short period of time. The gross transaction value is recorded as revenue for transactions settled in physical form. In addition, 830,117 million yen of subsidies received by a domestic subsidiary under the “Project for Measures to Mitigate Drastic Changes in Fuel Oil Prices” (effectuated in January 2022), a measure in the COVID-19 pandemic taken by the Japanese government under the “Comprehensive Emergency Measures to Cope with Crude Oil Price and Price Surges,” and 27,444 million yen of subsidies received by a domestic subsidiary under the “Project for Measures to Mitigate Drastic Changes in Electricity and Gas Prices” (effectuated in January 2023) are accounted for in accordance with IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” and included in “revenue.” In addition, the full amount of these subsidies received was appropriately reflected in wholesale prices in accordance with the purposes of the projects.

(ii) Oil and Natural Gas E&P Business

The Oil and Natural Gas Exploration and Production (E&P) Business is engaged in the sales of crude oil, natural gas, other mineral resources, etc.

In the sales of such products, the legal rights of ownership, possessory rights, the material risks accompanying the ownership of products and the economic value transfer to the customer at the time when the control over the product transfers to the customer, i.e. when the product is delivered to the customer, and the rights to receive consideration for the product from the customer are obtained. Thus, revenue is recognized at that point. In addition, because revenue is recognized based on the transaction price in the contract with the customer and the consideration for transactions is received within one year of the delivery of products, the transactions do not include any significant financing components.

(iii) Metals Business

The Metals Business is engaged in the sales of copper foils, precision rolled products, precision-fabricated products, thin-film materials, raw material ore including copper concentrate, and non-ferrous metal products including electrolytic coppers.

In the sales of such products, the legal rights of ownership, possessory rights, the material risks accompanying the ownership of products and the economic value transfer to the customer at the time when the control over the product transfers to the customer, i.e. when the product is delivered to the customer, and the rights to receive consideration for the product from the customer are obtained. Thus, revenue is recognized at that point. In addition, because revenue is recognized based on the transaction price in the contract with the customer and the consideration for transactions is received within one year of the delivery of products, the transactions do not include any significant financing components.

Sales contracts for copper concentrate and for certain copper products generally include a provisional price at the time of shipment with the final price based on the monthly average market price of copper on LME, over a certain number of months in the future. Such sales transactions are considered to be sales contracts with characteristics of commodity forwards where the pricing month is the delivery month and hence an embedded derivative with the copper or copper products as the host contract exists. Embedded derivatives, related to the price settlement mechanism after delivery, are not separated under IFRS 9 "Financial Instruments" because their host is a financial asset. Therefore, revenue related to such sales is recognized after the fair value of the consideration received is estimated based on the market price at the time of shipment and is re-estimated at the end of the reporting period. The difference between the fair value at the time of shipment and at the end of the reporting period is recognized as an adjustment to revenue, and the billing amount of copper concentrate to be sold to smelters and factories for processing is the market value of the metal to be paid by the purchaser less processing costs (such as treatment charges and refining charges).

(iv) Other Business

Revenue in Other Business is mainly related to the construction business.

In the construction business, because control of the asset is transferred to a customer in accordance with the progress of work for a construction work contract under which the performance obligation is satisfied over time, revenue is recognized in the corresponding construction period. When the outcome of construction can be estimated reliably, revenue is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. For long-term construction work contract, a certain portion of the consideration is received in advance when the contract is entered into or during the construction period.

(2) Receivables arising from contracts with customers, contract assets, and contract liabilities

The components of receivables arising from contracts with customers, contract assets, and contract liabilities are as follows.
Note that trade receivables are included in “trade and other receivables,” contract assets are included in “other current assets,” and contract liabilities are included in “other current liabilities” in the consolidated statements of financial position.

(Millions of yen)

	Beginning of Current Fiscal Year (April 1, 2023)	End of Current Fiscal Year (March 31, 2024)
Trade receivables (accounts receivable - trade and notes receivable - trade)	1,360,838	1,398,644
Contract assets	49,481	60,458
Contract liabilities	16,355	25,315

Contract assets relate to the ENEOS Group’s rights to unclaimed consideration arising from construction work contracts, and they are transferred to receivables when the right to payment becomes unconditional. Contract liabilities are consideration received in advance of performance based on a contract, and they are transferred to revenue as the Company satisfies the performance obligations based on the contract (or at the time of performance).

The balance of contract liabilities at the beginning of the year ended March 31, 2024 was mostly recognized as revenue during the year and the amount carried forward was not material. In addition, the amount of revenue recognized from the performance obligations satisfied in previous periods in the year ended March 31, 2024 was not material.

(3) Transaction price allocated to the remaining performance obligations

The total amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2024 is as follows:

(Millions of yen)

Construction contracts in the construction business, etc.	Current Fiscal Year (March 31, 2024)
Within one year	163,736
Over one year, within two years	74,077
Over two years	49,968
Total	287,780

The Company categorizes the transaction price for contracts on which construction plans are not yet finalized as of March 31, 2024 according to the completion timing.

In addition to construction contracts in the construction business, transaction prices based on long-term sales contracts for certain products handled by the ENEOS Group are also included. There may be long-term sales contracts with the transaction price based on market price at the time of sale. However, these are not presented, in light of the possibility of significant reversals being conducted in the future on amounts estimated as of March 31, 2024, materiality of the amounts, and other factors.

The remaining performance obligations with an initial expected term of one year or less are not included in the table above, applying the practical expedient method in IFRS 15 "Revenue from Contracts with Customers" paragraph 121.

(4) Contract costs

The amount of assets recognized from the costs incurred to obtain or fulfil contracts with customers in the year ended March 31, 2024 was not material. In addition, contract costs are recognized as an expense when incurred if the amortization period is one year or less when applying a practical expedient.

8. Notes to Per-share Information

Equity attributable to owners of the parent per share:	1,079.82 yen
Basic profit attributable to owners of the parent per share:	95.64 yen
Diluted profit attributable to owners of the parent per share:	95.44 yen

9. Notes to Business Combination

Omitted since there are no important business combinations.

10. Notes to Material Subsequent Events

Share buyback and cancellation of treasury shares

At the Board of Directors meeting held on May 14, 2024, the Company resolved to repurchase its common shares pursuant to Article 156 of the Companies Act of Japan (the "Companies Act") as modified and applied in accordance with Article 165.3 of the Companies Act. In addition, the Board of Directors of the Company authorized to terminate the share buyback resolved on February 9, 2024, which is to be ceased accordingly in order to commence the share buyback resolved on May 14, 2024. The Company has also changed the schedule of the

cancellation of its treasury shares pursuant to Article 178 of the Companies Act.
Regarding details of the resolution, please refer to the press release titled "Notice Regarding Share Buyback, Termination of the Buyback and Cancellation of Treasury Shares" released on May 14, 2024.

(1) Regarding resolution on the share buyback

(i) Purpose of the share buyback

Through the pursuit of asset efficiency and the review of portfolios, the Company realized certain achievements on improving its financial position, and further efforts are aimed at enhancing capital efficiency and maximizing medium to long-term corporate value.

(ii) Details of the share buyback

- Class of shares to be repurchased: Company common shares
- Total number of shares to be repurchased: Up to 680 million shares
- Total value of shares to be repurchased: Up to 215,897,777,190 yen
- Term of the share buyback: May 16, 2024 to March 31, 2025
- Method of the share buyback: Market purchase in accordance with Entrusting Agreement on Purchase of Treasury Shares

(2) Regarding the termination of the share buyback in accordance with the Board of Directors' resolution on February 9, 2024

(i) Reasons for the termination of share buyback

To commence the buyback based on the Board of Directors' resolution on May 14, 2024.

(ii) Details of the Board of Directors' resolution on February 9, 2024

- Class of shares to be repurchased: Company common shares
- Total number of shares to be repurchased: Up to 150 million shares
- Total value of shares to be repurchased: Up to 50.0 billion yen
- Term of the share buyback: February 13, 2024 to June 28, 2024
- Method of the share buyback: Market purchase in accordance with Entrusting Agreement on Purchase of Treasury Shares

(iii) Cumulative total of treasury shares repurchased through May 14, 2024 based on the above Board of Directors' resolution

- Total number of shares repurchased: 49,488,800 shares
- Total value of shares repurchased: 34,102,222,810 yen

(3) Changes on the cancellation of the treasury shares (scheduled)

(i) Reasons for the changes regarding the cancellation of the treasury shares

The Company appreciated the bulk cancellation, considering efficiency of the process.

(ii) Changes on the details of the cancellation of the treasury shares

Changes are shown in underlined sections.

	Before the changes (Based on the resolution on February 9, 2024)	After the changes
・Class of shares to be cancelled	Company common shares	Company common shares
・The number of shares scheduled to be cancelled	Total shares repurchased from February 13, 2024 to June 28, 2024	Total shares repurchased from February 13, 2024 to May 14, 2024 and from May 16, 2024 to March 31, 2025
・Scheduled date of cancellation	July 12, 2024	April 2025 (scheduled)

The cancellation schedule will be resolved at a Board of Directors meeting after the completion of the share buyback.

Non-consolidated Financial Statements

|Non-consolidated Statements of Changes in Net Assets (from April 1, 2023 to March 31, 2024)|

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
					Other retained earnings				
	Common stock	Legal capital reserve	Other capital surplus	Total capital surplus	Reserve for advanced depreci-ation of non-current assets	Retained earnings brought forward	Total retained earnings	Treasury stock	**Total shareholders' equity**
Balance as of April 1, 2023	**100,000**	**526,389**	**837,608**	**1,363,997**	**1,655**	**562,924**	**564,579**	**(6,561)**	**2,022,016**
Changes of items during the period									
Dividends of surplus						(66,562)	(66,562)		(66,562)
Net income						8,065	8,065		8,065
Purchase of treasury stock								(17,938)	(17,938)
Disposal of treasury stock			0	0				627	627
Reversal of reserve for advanced depreciation of non-current assets					(101)	101	–		–
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	0	0	(101)	(58,395)	(58,497)	(17,311)	(75,808)
Balance as of March 31, 2024	**100,000**	**526,389**	**837,608**	**1,363,997**	**1,553**	**504,529**	**506,082**	**(23,872)**	**1,946,208**

	Valuation and translation adjustments			**Total net assets**
	Valuation difference on available-for-sale securities	Changes in fair value of deferred hedges	**Total valuation and translation adjustments**	
Balance as of April 1, 2023	**18,208**	**(4)**	**18,204**	**2,040,220**
Changes of items during the period				
Dividends of surplus				(66,562)
Net income				8,065
Purchase of treasury stock				(17,938)
Disposal of treasury stock				627
Reversal of reserve for advanced depreciation of non-current assets				–
Net changes of items other than shareholders' equity	481	4	485	485
Total changes of items during the period	481	4	485	(75,322)
Balance as of March 31, 2024	**18,689**	**–**	**18,689**	**1,964,897**

Notes to Non-consolidated Financial Statements (from April 1, 2023 to March 31, 2024)

1. Notes to Matters relating to Important Accounting Policies

(1) Valuation Standards and Valuation Method for Assets

Securities

Shares of subsidiaries and shares of associates: Valued at cost, based on the moving-average method.

Other securities:

Securities other than shares and other securities with no market value

Valued at fair value based on the market value as of the non-consolidated balance sheet date (Valuation differences are included directly in net assets. The acquisition cost used as the basis for calculating the valuation differences is determined by the moving-average method.)

Shares and other securities with no market value

Valued at cost, based on the moving-average method.

(2) Valuation Standards and Valuation Method for Derivatives

Derivatives: Valued at fair value.

(3) Method of Depreciation of Fixed Assets

Property, plant and equipment (excluding leased assets):	The straight-line method Major expected lifetime is as follows. Buildings and structures: 2 years to 50 years
Intangible assets (excluding leased assets):	The straight-line method Software is amortized based on the authorized period of internal use (5 years).
Leased assets:	The lease period is treated as the expected lifetime, and the straight-line method assuming no residual value is adopted.

(4) Recording Standards for Provisions

Provision for bonuses:

The provision will be appropriated to pay for the bonuses of the employees; therefore, this is recorded based on the expected payment amount at the end of this fiscal year.

Provision for share remuneration:

To prepare for delivery of the Company's shares to directors and the like of the ENEOS Group under the performance-linked share remuneration system, the provision is recorded based on the expected payment amount at the end of this fiscal year.

(5) Recording Standards for Income

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30), and recognizes income from contracts with customers based on the following five-step approach.

Step 1: Identify the contract with customers
Step 2: Identify the performance obligation in the contract
Step 3: Calculate the transaction value
Step 4: Allocate the transaction value to performance obligations in the contract
Step 5: Recognize the income when the performance obligation has been satisfied (or as it becomes satisfied)

The Company engages in business management of Principal Operating Companies (ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Advanced Metals Corporation) and incidental operations, and its customers are the Principal Operating Companies of the Company. The Company has identified providing business management and guidance to the Principal Operating Companies of the Company as the performance obligations in the contracts on business management. Because these performance obligations are satisfied as time passes, income is recorded evenly over the contract period.

(6) Other Matters Important for Preparation of Non-consolidated Financial Statements
- (i) Method of treatment of deferred assets
  Bond issuance costs are treated as expenses upon expenditure.
- (ii) Method of hedge accounting
  Deferred hedge accounting is adopted in principle. However, the exception method is adopted with interest swaps upon satisfying this method's requirements.
- (iii) Application of the group tax relief system
  The group tax relief system is applied.

2. Notes to Revenue Recognition

Information that forms the basis for understanding income from contracts with customers is as stated in "1. Notes to Matters relating to Important Accounting Policies, (5) Recording Standards for Income."

3. Notes to Significant Accounting Estimates

The Company's financial statements include management's estimates. Although these estimates are based on the best estimates by the management in light of historical experience and various factors, etc. that are deemed to be reasonable at the end of the reporting period, actual results may differ from those estimates.
Major estimates that may have significant impact on the Company's financial statements are as follows.

Valuation of shares of subsidiaries and associates
The Company is a pure holding company and its main role is to hold shares of subsidiaries and associates. At the end of this fiscal year, the amount recorded as shares of subsidiaries and affiliates was 2,320,397 million yen, and no loss on valuation of shares of subsidiaries and affiliates was recognized. While these shares are recorded at acquisition cost in accordance with the accounting standards, loss on valuation will be recorded if the actual value of shares has declined significantly and it is not considered that the value is expected to recover to the acquisition cost.
Since many of the Company's subsidiaries and associates are unlisted, management determines loss on valuation based on judgments of significant declines in the actual value

and an estimate of recoverability. However, because such judgments and estimates are subject to effects of changes in uncertain factors such as economic conditions, resource price and foreign exchange rates, if they need to be reviewed, financial statements could be affected significantly.

4. Notes to Non-consolidated Balance Sheet

(1) Assets Offered as Security
  (i) Assets offered as security
    Stocks of subsidiaries and affiliates: 21,000 million yen
  (ii) Obligations to the above
    Loans payable to subsidiaries and affiliates: 232,000 million yen

(2) Accumulated Depreciation of Property, Plant and Equipment: 12,821 million yen

(3) Guarantee Obligations

Guarantee on loans:	403,562 million yen
Guarantee on transactions-other:	199,276 million yen
Total:	602,837 million yen

(4) Monetary Claims against and Monetary Obligations to Subsidiaries and Affiliates (excluding those indicated separately under the account titles in the balance sheet)

Short-term monetary claims:	65,441 million yen
Long-term monetary claims:	- million yen
Short-term monetary obligations:	64,643 million yen
Long-term monetary obligations:	1,623 million yen

5. Notes to Non-consolidated Statements of Income

Volume of Transactions with Subsidiaries and Affiliates

Operating revenue:	13,440 million yen
Operating expenses:	4,854 million yen
Volume of transactions other than in business transactions:	22,332 million yen

6. Notes to Non-consolidated Statements of Changes in Net Assets

Class and Number of Treasury Stock as of the End of this Fiscal Year

Class of Share	Number of shares as of the beginning of this fiscal term	Number of shares increased in this fiscal term	Number of shares decreased in this fiscal term	Number of shares as of the end of this fiscal term
Common stock	13,968,845 shares	27,309,246 shares	1,445,264 shares	39,832,827 shares

(Note 1) The increase in the number of treasury stock consists of an increase of 26,790,100 shares due to purchase of treasury stock based on the said resolution of the Board of Directors' meeting, additional purchases of 500,300 shares for the BIP Trust, an executive incentive plan, and an increase of 18,846 shares due to demand for purchase from holders of shares less than one unit.

(Note 2) The decrease in the number of treasury stock consists of a decrease of 1,444,226 shares due to delivery to directors and the like through the BIP trust, an executive incentive plan, and a decrease of 1,038 shares due to demand for sale to holders of shares less than one unit.

7. Notes to Tax Effect Accounting

Major items that resulted in an accrual of deferred tax assets and deferred tax liabilities are as follows:

	(Millions of yen)
(Deferred Tax Assets)	
Provision for bonuses	8
Investment securities	1,287
Income tax payable	55
Other	688
Subtotal of deferred tax assets	2,038
Valuation reserve	(2,007)
Total deferred tax assets	31
(Deferred Tax Liabilities)	
Land	19
Reserve for advanced depreciation of non-current assets	686
Investment securities	8,108
Assets for adjustment of profit and loss	4,573
Other	527
Total deferred tax liabilities	13,913
Net deferred tax liabilities	13,882

8 Notes to Transactions with Related Parties

Type	Name of Company	Percentage of Voting Rights or the like Held	Relationship with Related Parties	Details of Transaction	Transaction Amount (Millions of yen)	Account Title	Balance at End of Period (Millions of yen)
Subsidiary	ENEOS Corporation	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 1)	8,991	Accounts payable	130
				Guarantee of obligations or the like (Note 2)	433,692		
				Tax effect amounts due to the group tax relief system	47,468	Accounts receivable-other	47,468
Subsidiary	JX Nippon Oil & Gas Exploration Corporation	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 1)	809	Operating accounts receivable	72
Subsidiary	JX Advanced Metals Corporation	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 1)	1,618	Operating accounts receivable	143
				Tax effect amounts due to the group tax relief system	47,544	Accounts payable	47,544
Subsidiary	ENEOS FINANCE CORPORATION	Directly owned, 100%	Outsourcing of funds related services; Interlocking directorate	Loan of operation funds by group finance (Note 3)			
				Collection of short-term loans	491,422	Short-term loans receivable from subsidiaries and affiliates	51,105
				Long-term loans	147,000	Long-term loans receivable from subsidiaries and affiliates *Including those that shall be collected within one year	1,564,050
				Collection of long-term loans	132,412		
				Borrowing of necessary funds for the Company by group finance (Note 4)			
				Repayment of long-term funds	123	Long-term loans payable to subsidiaries and affiliates *Including those that shall be repaid within one year	529,877
				Receipt of interest (Note 3)	10,025		
				Payment of interest (Note 4)	3,504		
Subsidiary	Roadmap Holdings KK	Directly owned, 50.1%	Interlocking directorate	Provide security (Note 5)	232,000	–	–

The terms and conditions of transactions and the policies for determining the terms and conditions of transactions

(Note 1) The Company receives consideration for business management of Principal Operating Companies (ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Advanced Metals Corporation) from these companies, based on the expenses necessary for operating the Company, in proportion to their respective business size and so on.

(Note 2) The Company granted guarantees of transactions, or the like, for matters such as purchase of crude oil by ENEOS Corporation but does not receive any guarantee fees.

(Note 3) The Company procures funds necessary for the ENEOS Group through borrowings from outside financial institutions or the like, issuances of bonds, commercial paper, or the like in a lump sum, and distributes the necessary business funds to the respective group companies through loans to ENEOS FINANCE CORPORATION. The loan rate from the Company to ENEOS FINANCE CORPORATION is determined reasonably in light of the costs to procure such funds. In addition, the transaction amounts for short-term funds are shown net of loans and collections.

(Note 4) The Company borrows necessary business funds from, and deposits its surplus funds with, ENEOS FINANCE CORPORATION, as intra-group funds transactions. Interests on loans and deposits are decided reasonably by taking consideration of the market interest rates. In addition, the transaction amounts for short-term funds are shown net of borrowings and repayments.

(Note 5) The Company has offered all its shares of Roadmap Holdings KK as security on loans from financial institutions by Roadmap Holdings KK. The transaction amount as stated is the balance of obligations as of the end of the fiscal year under review.

9. Notes to Per-share Information

Net assets per share ··· 656.49 yen
Net income per share ··2.67 yen

10. Notes to Material Subsequent Events

(1) Share buyback and cancellation of treasury shares

Notes are omitted because the same information is presented in “10. Notes to Material Subsequent Events” in the Notes to Consolidated Financial Statements.

(2) Reorganization of subsidiaries

In order for the ENEOS Group to continue to be a company that is needed by society in future years, we have announced a new Long-Term Vision (The ENEOS Group will take on the challenge of achieving both a stable supply of energy and materials and the realization of a carbon-neutral society.).

As part of the measures to achieve this, we have been considering the optimal management structure for the Group in light of the conversion of ENEOS Corporation’s High Performance Materials business, the Electricity & City Gas business and the Renewable Energy business into separate companies and the transition to a Group structure with six Principal Operating Companies.

As a result of this review, it was determined that it is necessary to reform the “management of the Company and ENEOS in an integrated manner” and strongly promote portfolio management under the strong leadership of the Company.

(i) Reorganization with ENEOS Corporation as the absorption-type split company, with an effective date of April 1, 2024.

(A) The High Performance Materials business was split off from ENEOS Corporation, with ENEOS Materials Corporation as the successor company in an absorption-type split.

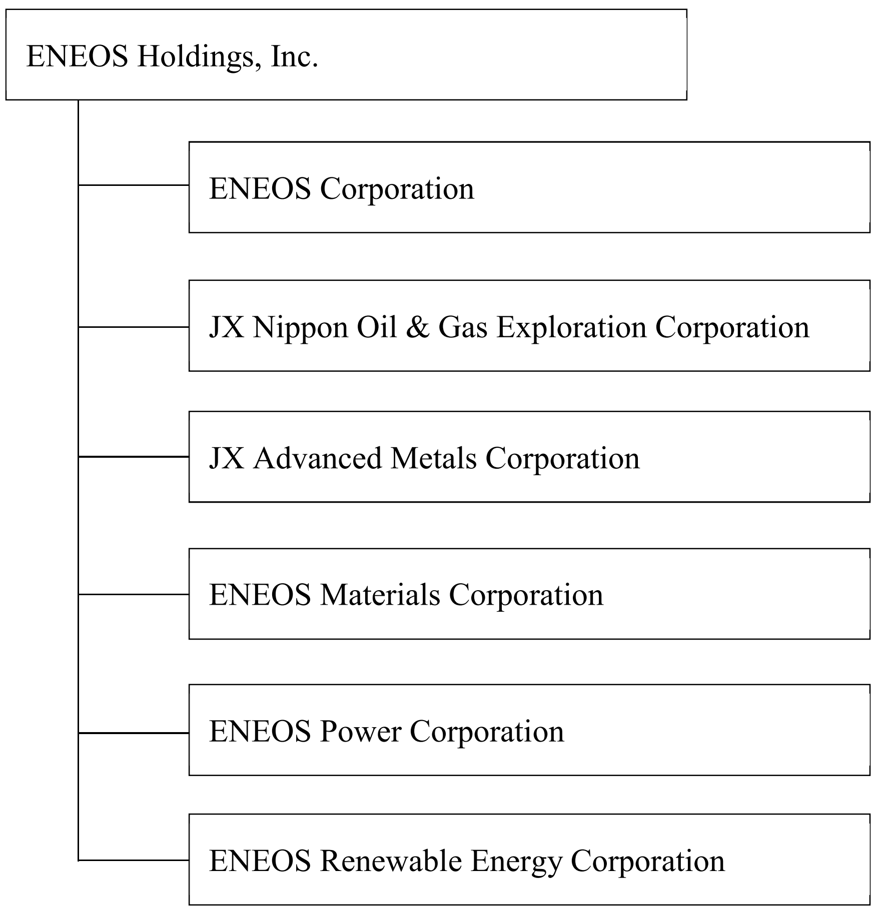
(B) The Electricity & City Gas business was split off from ENEOS Corporation, with ENEOS Power Corporation as the successor company in an absorption-type split.

(ii) Reorganization through dividends-in-kind from ENEOS Corporation

The Company received dividends-in-kind from ENEOS Corporation, effective April 1, 2024, of all shares of ENEOS Materials Corporation and ENEOS Renewable Energy Corporation held by ENEOS Corporation.

(iii) New Group Structure

As a result of the above reorganization, ENEOS Holdings, Inc. now directly owns six Principal Operating Companies.



11. Additional Information

Not applicable.