June 3, 2021

Dear Our Shareholders,

Disclosure through the Internet relating to the Convocation Notice of the 11th Ordinary General Meeting of Shareholders

The 11th Fiscal Term

(from April 1, 2020 to March 31, 2021)

ENEOS Holdings, Inc.

The contents above are provided to our shareholders by posting on our website (https://www.hd.eneos.co.jp/ir/stock/meeting/) pursuant to the provisions of laws and regulations, and Article 15 of Articles of Incorporation of the Company.

1. Matters Concerning Present Condition of the Corporate Group

Major Business Activities (as of March 31, 2021)

Business Segment	Details of Major Business Activities	Details of Principal Operating Companies
Energy Business	・Manufacturing and marketing petroleum products (e.g. gasoline, kerosene, and lubricant, etc.) ・Manufacturing and sales of petrochemical products and high-performance materials ・Supply of electricity, gas and hydrogen ・Development and operation of renewable energy power source	ENEOS Corporation
Oil and Natural Gas E&P Business	・Exploring, developing, and producing oil and natural gas	JX Nippon Oil & Gas Exploration Corporation
Metals Business	・Exploring and developing non-ferrous metal resources (e.g. copper and gold) ・Smelting, refining and marketing non-ferrous metal products (e.g. copper, gold, silver, rare metals) ・Manufacturing and marketing electro-deposited copper foils and treated rolled copper foils ・Manufacturing and marketing thin-film materials (e.g. sputtering targets, surface treatment agents and compound semiconductor materials) ・Manufacturing and marketing precision rolled products and precision-fabricated products ・Recycling of non-ferrous metal materials and treatment of industrial waste ・Manufacturing, processing, and marketing titanium metals	JX Nippon Mining & 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 2020)

(million yen)

(i) Amount of the Remuneration as the Financial Auditor of the Company	121
(ii) Total amount of monies and other property benefits to be paid by the Company and its subsidiaries	1,119

(Notes)

1. The Audit and Supervisory Committee received reports from the financial auditor and the related sections in the Company about how the remuneration estimates in the audit plan drafted by the financial auditor were calculated, including the audit items, audit time and deployment plans; and considered the performance of the past fiscal years. As a result, the Audit and Supervisory Committee came to determine that the amount of remunerations of the financial auditor was appropriate, and consented to it based on Articles 399.1 and 399.3 of the 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 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 does not entrust Ernst & Young ShinNihon LLC with non-audit operations.

(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 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 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 considering the "ENEOS Group Code of Conduct," the Company will develop, based on the following basic policies, a system aimed at enduring the properness of operations (the internal control system), and shall 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 Execution of the Duties by the Directors and the 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 that cooperates with attorneys-at-law in order to appropriately protect the whistleblower complaining of 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 prevent a 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 Execution of Duties by the Directors and the Employees

(1) The execution of duties by the directors and the 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 to protect its IT system from outside threats. In addition, the Company shall, through providing opportunities such as internal training, ensure that the employees fully comply with the rules, etc.

(4) Based on the Companies Act, the 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, 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 impair the ENEOS Group's corporate value, 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; and the occurrence of a large earthquake; and shall develop and enforce 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 environment and maintain health, 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 effectiveness 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 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, and 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 Operation 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 aim to disseminate them among and have them fully understood by each company.

(2) Under the supervision of the Board of Directors to the entire ENEOS Group, in order to establish the energy business centered operational structure of the group, the management of the Company and the ENEOS 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 and JX Nippon Mining & Metals shall create, according to their business characteristics, highly self-directed, flexible and independent business operation 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, 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 ENEOS Group companies, as well as develop and enforce the rules, etc. that should be applied to the entire ENEOS Group, and shall aim 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 system 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 conditions for an audit.

(2) The Company shall take the measures necessary so that the Audit and Supervisory Committee members are able to attend important meetings, such as the Executive Council's meetings, and 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 the 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 the 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 result, 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 sections, 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 Companies Act.

(Note) The Company resolved the above revisions of contents of the resolution at the Board of Directors' meeting held on April 20, 2021. Details of the revisions are as follows:

Details of revisions (underlined portions)
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 enduring the properness of operations (the internal control system), and operate the system.
3. Rules and Other Systems for the Management of Risk of Loss (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. (4) The Company shall achieve safety, preserve environment and maintain 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.

(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 20, 2021.

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. Although activities were restricted due to COVID-19 in this fiscal year, the Company endeavored to maintain the appropriate internal control activities and compliance in overall business by online checks and seminars.

(2) Based on “the ENEOS Group Internal Reporting System Basic Policies,” the Company has developed and operated a whistleblowing system in cooperation with attorneys-at-law. 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 the Board of Directors’ meetings for 11 times in 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 the directors’ duties. Effectiveness of discussions in the Board of Directors’ meetings has been improved by enhancing the deliberation and monitoring of basic management policies.

(4) The Internal Audit Department formulates an audit plan and based thereon conducts internal audits.

(5) The Company conducts assessments of effectiveness concerning internal control over financial reporting pursuant to the Japanese Financial Instruments and Exchange Act.

(6) Based on the “Basic Regulations on Anti-Social Forces,” the Company investigates its business partners and takes contractual and other necessary measures to prevent a 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 the 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. The Company continued to implement cyber security measures such as security training and targeted e-mail attack drills in this fiscal year.

(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 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 Company defined “2040 ENEOS Environmental Vision” and “2030 Long-Term Environmental Target” to aim for carbon neutral by 2040, and is working towards establishment of a low-carbon, recycling-oriented society. The Company is also proactively applying measures for preventing occupational accidents and holding seminars, etc. to help improving the health of Group’s employees.

(5) The Company has established the “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. In this fiscal year, the Company established a task force to respond to COVID-19 in principal operating companies, and made all efforts to prevent infections of Group employees and ensure its business continuity.

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

(1) Following the change to the ENEOS Group management system in June 2020, the Company has established the “ENEOS Holdings Organization Rules” and “ENEOS Holdings Authority Rules.” Duties are executed 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 management policies, 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. The annual budgets and numerical targets of each Group company are set based on the Medium-Term Management Plan, and progress status are checked in the Executive Council’s meetings and Board of Directors’ meetings.

(5) The Company is progressing with the introduction of an ERP system, with goals including appropriate information management, standardization and streamlining of work and enhancement of the internal control system.

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

(1) To permeate 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 Integrated Report, etc.

(2) The management of the Company concurrently serves as the management of ENEOS Corporation, and Executive Councils of the both companies are efficiently managed as a single entity. Meanwhile, highly autonomous, flexible, and independent business execution systems are implemented in JX Nippon Oil & Gas Exploration Corporation and JX Nippon Mining & Metals Corporation. Furthermore, it is ensured that the Company’s Board of Directors is able to monitor ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Nippon Mining & Metals Corporation appropriately through detailed business execution status reports.

(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 has each company comply.

(4) The Company has established the “Basic Policy on Internal Control System of the ENEOS Group” as the policy for the entire 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 conditions for an audit.

(2) The Company shall take the measures necessary so that the Audit and Supervisory Committee Members are able to attend important meetings, such as the Executive Council’s meetings, and

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) The Company has established the Office of Audit and Supervisory Committee, in which 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 Statements of Changes in Equity (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance as of April 1, 2020	**100,000**	**1,138,884**	**982,786**	**(6,003)**
Profit for the year			113,998	
Other comprehensive income				
Total comprehensive income for the year	–	–	113,998	–
Purchase of treasury shares				(3,053)
Disposal of treasury shares		(263)		263
Cash dividends			(70,800)	
Share-based payment transactions		436		
Equity transactions with non-controlling interests, etc.		(69,451)		
Transfer from other components of equity to retained earnings			16,432	
Transfer from other components of equity to non-financial assets, etc.				
Other		(3,147)		
Total transactions with owners	–	(72,425)	(54,368)	(2,790)
Balance as of March 31, 2021	**100,000**	**1,066,459**	**1,042,416**	**(8,793)**

	Other components of equity					Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Changes in fair value of 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, 2020	**76,129**	**(2,794)**	**22,044**	**–**	**95,379**	**2,311,046**	**396,862**	**2,707,908**
Profit for the year						113,998	(1,066)	112,932
Other comprehensive income	16,968	2,492	15	16,518	35,993	35,993	13,783	49,776
Total comprehensive income for the year	16,968	2,492	15	16,518	35,993	149,991	12,717	162,708
Purchase of treasury shares					–	(3,053)		(3,053)
Disposal of treasury shares					–	0		0
Cash dividends					–	(70,800)	(14,618)	(85,418)
Share-based payment transactions					–	436		436
Equity transactions with non-controlling interests, etc.			16,634		16,634	(52,817)	36,658	(16,159)
Transfer from other components of equity to retained earnings	87			(16,518)	(16,431)	–		–
Transfer from other components of equity to non-financial assets, etc.		(6,549)			(6,549)	(6,549)	(6,330)	(12,879)
Other					–	(3,147)	2,171	(976)
Total transactions with owners	87	(6,549)	16,634	(16,518)	(6,346)	(135,929)	17,881	(118,048)
Balance as of March 31, 2021	**93,184**	**(6,851)**	**38,693**	**–**	**125,026**	**2,325,108**	**427,460**	**2,752,568**

Consolidated Financial Statements

Notes to Consolidated Financial Statements (from April 1, 2020 to March 31, 2021)

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 506 subsidiaries and 171 subsidiaries and affiliates accounted for using the equity-method (affiliated companies, jointly controlled businesses and jointly controlled companies).

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

Major subsidiaries and affiliates accounted for using the equity-method
Osaka International Refining Co., Ltd., Abu Dhabi Oil Co., Ltd., United Petroleum Development Co., Ltd., LS-Nikko Copper Inc. 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.

The amount recognized in other comprehensive income may not be subsequently transferred to net profit or loss, but may be transferred within equity. 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. Dividends from such financial assets are recognized in net profit or loss.

Financial assets measured at fair value through net profit or loss

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

The acquisition cost of inventories includes purchase costs, process costs and all other costs incurred up to the current place and condition.

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.

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 tangible fixed assets 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 are depreciated using the units-of-production method.

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

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

Lease liabilities and right-of-use assets are recognized for leases except for short-term leases and leases of low-value 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, unless the interest rate implicit in the lease is 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.

Lease payments are allocated to finance costs and the repayment portion of the outstanding lease liabilities in a way that the constant rate of interest is applied to the outstanding lease liability. Finance costs are presented separately from depreciation associated with the right-of-use assets in the consolidated statements of profit or loss.

The Company determines if a contract is a lease, or if a contract includes a lease, based on the substance of the contract, including those legally not in the form of leasing.

Lease payments for short-term leases with a lease term of 12 months or less and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the lessee's benefit.

F. Impairment of non-financial assets

The ENEOS Group assesses the impairment indicators for each asset for each reporting period, and estimate 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 period. 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

- 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. Differences arising from foreign currency translation are recognized in other comprehensive income.

- Retirement benefits

The ENEOS Group adopts a defined benefit plan and a defined contribution plan. The liability recognized in the consolidated statements of financial position in connection with the defined benefit plan is the present value of the defined benefit obligation as of the end of the reporting period minus the fair value of the plan assets. Defined benefit plan obligations are calculated annually by independent pension actuaries. The discount rate is calculated based on the market yield of high quality corporate bonds as of the end of the fiscal year corresponding to the discount period by setting a discount period based on the period up to the anticipated future payment date for each fiscal year.

Retirement benefit expenses that constitute service cost and net interest on the net amount of defined benefit obligation (asset) are recognized in net profit or loss. The re-measurement, including the differences between estimates and actual results as well as the actuarial differences arising from changes in actuarial assumptions, is recognized as other comprehensive income in the period in which it occurred. Although such re-measurement amount may not be transferred to net profit or loss, since it is permitted to transfer within equity, it is immediately transferred from other component of equity to retained earnings. Prior service cost is recognized in net profit or loss.

Retirement benefit expenses pertaining to defined contribution plans are recognized as expenses during the period when employees provided services, and unpaid contributions are recognized as obligations.

- Recognition of income

The ENEOS Group recognizes income by applying the following five steps, excluding interest and dividend income or the like under IFRS 9 “Financial Instruments.”

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

The ENEOS Group sells petroleum products, petrochemical products, crude oil, natural gas, material ore such as copper concentrates, non-ferrous metal products such as electrolytic copper, electronic materials products, and the like.

In the sales of such products, the legal rights of ownership, possessory rights, risks accompanying the ownership of products and the economic value transfer to the customer generally 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 is obtained. Thus, income is recognized at that point. Income is recognized based on the transaction value in accordance with the contract with the customer, and is shown in net amount after subtracting the VAT, returned products, rebates and discounts. Taxes that are imposed at the time of sales and considered to be collected as a substitute, such as VAT or gas oil delivery tax, are included in the net amount, and not included in the revenue. On the other hand, taxes that are imposed before the sales, such as gasoline tax, are included in the revenue. Regarding transactions in which the consideration can fluctuate, the income therefrom is recognized within the scope wherein 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.

- Accounting treatment of consumption tax, and the like
  The net of tax method is used.

- Application of the consolidated tax payment system
  The consolidated tax payment system is applied.

(4) Changes in the Presentation Method

From this consolidated fiscal year, "2. Notes to Significant Accounting Estimates" given below has been provided, following the amendments to Rules of Corporate Accounting.

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.
In addition, at the end of the reporting period, the Company recognized that the impact of the COVID-19 was a highly uncertain factor to be taken into account in estimation. The impact of COVID-19 is an event that affects a wide range of economy, corporate activities and social life, and it is difficult to calculate accounting impact. However, reasonable estimates have been made, taking into account the situations of each business and each product at the end of the reporting period, including having an assumption that impact on demand and price of diverse products in various businesses developed by the ENEOS Group will partially remain in the following report period and then return to normal gradually. If uncertainty in the future changes, estimates may be reviewed at that point in time.
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 consolidated fiscal year was 160,038 million yen. In addition, the amount recorded as property, plant and equipment, goodwill, and intangible assets at the end of this consolidated fiscal year was 4,074,968 million yen.
The amount recorded as impairment loss in this consolidated fiscal year includes 27,360 million yen recorded mainly in association with assets related to rights and interests in oil and gas fields in the North Sea in the U.K. in the Oil and Natural Gas Exploration & Production segment, and 69,378 million yen recorded by SCM Minera Lumina Copper Chile, which operates the Caserones Copper Mine, in association with machinery and vehicle, etc. in Metals segment.
Although the Caserones Copper Mine had continued operations amid the spread of COVID-19 since March 2020 while implementing measures for prevention of the spread of infection such as limit on the number of people entering the mine, this caused a major delay in the mining. Since it is considered necessary, in light of this situation, to change the mining plan, a fresh review of the long-term production plan was made, and impairment test was implemented at the end of the third quarter of FY2020. As a result, the recoverable amount of target assets at the end of the third quarter of FY2020 was 215,764 million yen, which is fair value less cost of disposal that is calculated on the basis of estimated future cash flows generated based on the operating period and production plan of the Caserones Copper Mine and is classified as Level 3 in the fair value hierarchy. Significant unobservable inputs related to this fair value include copper price, molybdenum ore price, production cost, future capital expenditure, discount rate and foreign exchange rates. For copper price, an estimate was made based on management's projection taking into account observable market price, past trends, and market prediction made by external organizations. The post-tax discount rate is 8.3%, and reflects monetary time value and the current market assessment of specific risk.

(2) Estimates of oil, natural gas and ore reserves

Depreciation of assets related to oil, natural gas and metallic resources 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 quality, commodity price and foreign exchange rates, production cost, and future capital expenditure. These assumptions are determined based on management's best estimates and judgments.
The estimates of reserves are related to part of 476,144 million yen of exploration and development investment account and 247,032 million yen of property, plant and equipment and intangible assets recorded by SCM Minera Lumina Copper Chile, which operates the Caserones Copper Mine, in Metals segment, among property, plant and equipment recorded at

the end of this consolidated fiscal year. In addition, these estimates also affect impairment test in "(1) Impairment of non-financial assets."
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 consolidated fiscal year, the amount recorded as income tax expense was 117,959 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 consolidated fiscal year was 102,567 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 consolidated fiscal year was 1,295,576 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) Employee 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 242,269 million yen at the end of this consolidated 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 194,327 million yen at the end of this consolidated 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 consolidated fiscal year, 100,725 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.

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: ……818,730 million yen
Cash and cash equivalents: …… 10,131 million yen
Other: …… 914 million yen

(ii) Obligations related to security

Accounts payable-other: ……254,128 million yen
Long-term loans payable (including current portion): …… 47,995 million yen
Other: …… 125 million yen

Accounts payable-other 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 689 million yen, and loans payable and accounts payable by subsidiaries and affiliates accounted for using the equity-method, or the like of 10,991 million yen.

(2) Breakdown of property, plant, and equipment

Buildings, structures and oil tanks: ……688,995 million yen
Machinery and vehicles: ……714,999 million yen
Land: …… 1,499,017 million yen
Construction in progress: ……115,141 million yen
Exploration and development investment account: ……476,144 million yen
Other: …… 56,774 million yen

(3) Allowance for doubtful accounts directly deducted from assets

Trade accounts receivables and acceptance receivables: …… 751 million yen
Other: ……2,017 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:

5,930,554 million yen

(5) Breakdown of bonds and borrowings

(i) Current

Bonds: …… 31,080 million yen
Short-term borrowings: ……373,753 million yen
Long-term borrowings to be repaid within one year: ……167,734 million yen
Commercial papers: …… 44,000 million yen

(ii) Non-current

Bonds: ……171,864 million yen
Long-term borrowings: …… 1,248,469 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).

Subsidiaries and affiliates accounted for using the equity-method ··· 9,249 million yen
Other companies and employees: ········· 9,373 million yen

4. Notes to Consolidated Statements of Profit or Loss

(1) Breakdown of other income and expenses

(i) Other income
Dividend income: ········· 8,481 million yen
Rental income: ········· 10,881 million yen
Gain on sale of property, plant and equipment: ········· 5,495 million yen
Other: ········· 97,586 million yen
Other includes 63,530 million yen of gain from extinguishment of debt due to acquisition of rights and interests in the Caserones Copper Mine.
Gain from extinguishment of debt is a difference between the carrying amount of debt obligations, etc. and the acquisition value of loan claims, etc. which arises in elimination of inter-company transactions for acquired loan claims, etc.

(ii) Other expenses
Impairment loss: ········· 160,038 million yen
Loss on sale of property, plant, and equipment: ········· 10,052 million yen
Exchange loss: ········· 4,672 million yen
Other: ········· 33,867 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: ········· 2,270 million yen
Exchange gain: ········· 3,380 million yen
Other: ········· 783 million yen

(ii) Finance costs
Interest expense: ········· 25,425 million yen
Other: ········· 4,292 million yen

5. Notes to Consolidated Statements of Changes in Equity

(1) Class and Total Number of Issued Shares: Common stock 3,230,282,649 shares
(as of March 31, 2021)

(2) Equity transactions with non-controlling interests, etc.
In this consolidated fiscal year, major components of (69,451) million yen of capital surplus arising from equity transactions with non-controlling interests, etc. (additional acquisition of shares of subsidiaries) are as follows.

(i) Amount of decrease in capital surplus attributable to owners of the parent (13,555 million yen) arising when following the review of the operation system of the joint copper business in Metals segment on April 1, 2020, part of the business operated by Pan Pacific Copper Co., Ltd. was transferred to JX Nippon Mining & Metals Corporation in that segment, and then the said company was made a wholly-owned company.

(ii) Amount of decrease in capital surplus attributable to owners of the parent (55,900 million yen), which arose due to the takeover of all rights and interests in the Caserones Copper Mine in Chile held by Mitsui Mining & Smelting Co., Ltd. and Mitsui & Co., Ltd., the joint investors in the said mine, by JX Metals Smelting Co., Ltd., a subsidiary in Metals segment, in February 2021 (additional acquisition of shares of subsidiaries related to the project).

(3) 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 consolidated fiscal year was a loss of 3,147 million yen.

(4) 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 25, 2020	Common stock	35,453 (Note 1)	11.0	March 31, 2020	June 26, 2020
Board of Directors' Meeting held on November 11, 2020	Common stock	35,453 (Note 2)	11.0	September 30, 2020	December 4, 2020

(Note 1) Total dividends include dividends of 16 million yen on the shares held by the BIP trust, an executive incentive plan.
(Note 2) Total dividends include dividends of 90 million yen on the shares held by the BIP trust, an executive incentive plan.

(ii) Dividends with record date falling in the current consolidated 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 25, 2021	Common stock	Retained earnings	35,453 (*)	11.0	March 31, 2021	June 28, 2021

(*) Total dividends include dividends of 90 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

The carrying amount and fair value of the financial instruments measured by amortized cost and the calculation method of fair value are as follows.

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.

(Millions of yen)

	Current Consolidated Fiscal Year (March 31, 2021)	
	Carrying Amount	Fair Value
Bonds and borrowings	2,036,900	2,054,263

The fair value of bonds and borrowings is estimated by discounting future cash flows to the present value using interest rates applicable when ENEOS Group takes out a new similar loan.

7. Notes to Per-share Information

Equity attributable to owners of the parent per share:	724.18 yen
Basic profit attributable to owners of the parent per share:	35.48 yen
Diluted profit attributable to owners of the parent per share:	35.42 yen

8. Notes to Business Combination

Omitted since there are no important business combinations.

9. Notes to Material Subsequent Events

Not applicable.

Non-consolidated Statements of Changes in Net Assets (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for advanced depreciation of non-current assets	Retained earnings brought forward			
Balance as of April 1, 2020	**100,000**	**526,389**	**937,531**	**1,463,920**	**1,694**	**180,404**	**182,099**	**(4,363)**	**1,741,656**
Changes of items during the period									
Dividends of surplus						(70,906)	(70,906)		(70,906)
Net income						24,481	24,481		24,481
Purchase of treasury shares								(3,026)	(3,026)
Disposal of treasury shares			(0)	(0)				263	263
Reversal of reserve for advanced depreciation of non-current assets					(15)	15	–		–
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	(0)	(0)	(15)	(46,410)	(46,426)	(2,763)	(49,189)
Balance as of March 31, 2021	**100,000**	**526,389**	**937,531**	**1,463,920**	**1,679**	**133,994**	**135,673**	**(7,126)**	**1,692,467**

	Valuation and translation adjustments			Total net
	Changes in fair value of financial assets	Changes in fair value of deferred hedges	Total valuation and translation adjustments	
Balance as of April 1, 2020	**11,305**	**(63)**	**11,242**	**1,752,898**
Changes of items during the period				
Dividends of surplus				(70,906)
Net income				24,481
Purchase of treasury shares				(3,026)
Disposal of treasury shares				263
Reversal of reserve for advanced depreciation of non-current assets				–
Net changes of items other than shareholders' equity	21,029	(15)	21,015	21,015
Total changes of items during the period	21,029	(15)	21,015	(28,174)
Balance as of March 31, 2021	**32,334**	**(77)**	**32,257**	**1,724,724**

Non-consolidated Financial Statements

Notes to Non-consolidated Financial Statements (from April 1, 2020 to March 31, 2021)

1. Notes to Matters relating to Important Accounting Policies

(1) Standards and Methods for Valuation of Assets

Securities

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

Other securities:

Marketable securities:

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).

Non-marketable securities:

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

(2) Standards and Methods for Valuation of Derivatives

Derivatives: Valued at fair value.

(3) Method of Depreciation of fixed Assets

Tangible assets (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) 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) Accounting treatment of consumption tax or the like
The accounting treatment of consumption tax and local consumption tax is based on the net of tax method. However, non-deductible consumption tax or the like on assets is treated as expenses for the fiscal year in which the grounds for the consumption tax or the like arose.

(iv) Application of the consolidated tax payment system
The consolidated tax payment system is applied.

(v) Application of tax effect accounting for the transition from the consolidated tax payment system to the group tax sharing system
As for items subject to transition to the group tax sharing system introduced in the "Act Partially Amending the Income Tax Act" (Act No. 8 of 2020) and items revised on non-consolidated tax payment system in connection with the transition to the group tax sharing system, the provisions of paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 28, February 16, 2018) are not applied, as allowed by the provisions of paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

(6) Changes in the Presentation Method
Effective from this fiscal year, the Company has adopted "Accounting Standard for Disclosure of Accounting Estimates (ASBJ Standard No. 31, March 31, 2020)".

2. 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.

In addition, at the end of the reporting period, the Company recognized that the impact of COVID-19 was a highly uncertain factor to be taken into account in estimation. For the impact, please refer to "2. Notes to Significant Accounting Estimates" in Notes to Consolidated Financial Statements.

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

Valuation of shares of subsidiaries and affiliates

The Company is a pure holding company and its main role is to hold shares of subsidiaries and affiliates. At the end of this fiscal year, the amount recorded as shares of subsidiaries and affiliates was 2,306,156 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 affiliates 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.

3. Notes to Non-consolidated Balance Sheet

(1) Assets Offered as Security
  (i) Assets offered as security
    Stocks of subsidiaries and affiliates: ······························185,504 million yen
  (ii) Obligations to the above
    Subsidiaries' and affiliates' accounts payable-other: ··········· 12,786 million yen

(2) Accumulated Depreciation of Property, Plant and Equipment: ··· 12,083 million yen

(3) Guarantee Obligations

Guarantee on loans:	429,505 million yen
Guarantee on transactions-other:	194,985 million yen
Total:	624,490 million yen

*Apart from the above, the Company is providing guarantee for asset retirement obligation pertaining to the oil and natural gas exploration business.

(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:.. 20,085 million yen
    Long-term monetary claims:...- million yen
    Short-term monetary obligations: .... 15,424 million yen
    Long-term monetary obligations:.. 2,797 million yen

4. Notes to Non-consolidated Statements of Income

Volume of Transactions with Subsidiaries and Affiliates
    Operating revenue:... 33,488 million yen
    Operating expenses: .... 4,787 million yen
    Volume of transactions other than in business transactions: .... 20,674 million yen

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

Class and Number of Treasury Shares 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	8,727,443 shares	7,248,378 shares	507,080 shares	15,468,741 shares

(Note 1) The increase in the number of treasury shares consists of an increase of 7,229,600 shares due to additional purchase of shares through the BIP trust, an executive incentive plan, and an increase of 18,778 shares due to demand for purchase from holders of shares less than one unit.
(Note 2) The decrease in the number of treasury shares consists of a decrease of 505,006 shares due to delivery to directors and the like through the BIP trust, an executive incentive plan, and a decrease of 2,074 shares due to demand for sale to holders of shares less than one unit.

6. 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	121
Investment securities	1,020
Loss on valuation of investments in securities	7,474
Income tax payable	93
Other	992
Subtotal of deferred tax assets	9,700
Valuation reserve	(2,804)
Total deferred tax assets	6,896
(Deferred Tax Liabilities)	
Land	434
Reserve for advanced depreciation of fixed assets	741
Investment securities	14,735
Receivable business tax refund	23
Assets for adjustment of profit and loss	3,826
Other	305
Total deferred tax liabilities	20,064
Net deferred tax liabilities	13,168

7. 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 (Note 1)	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 2) Guarantee of obligations or the like (Note 3)	8,718 226,492	Other current liabilities	1,529
Subsidiary	JX Nippon Oil & Gas Exploration Corporation	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 2)	885	Other current liabilities	615
Subsidiary	JX Nippon Mining & Metals Corporation	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 2) Guarantee of obligations or the like (Note 4)	1,769 64,862	Other current liabilities	1,227
Subsidiary	ENEOS FINANCE CORPORATION (Note 1)	Directly owned, 100%	Outsourcing of funds related services; Interlocking directorate	Loan of operation funds by group finance (Note 5)			
				Collection of short-term loans	280,000	Short-term loans receivable from subsidiaries and affiliates	44,000
				Long-term loans	88,500	Long-term loans receivable from subsidiaries and affiliates *Including those that shall be collected within one year	1,244,912
				Borrowing of necessary funds for the Company by group finance (Note 6)			
				Borrowing of short-term funds	14,693	Short-term loans payable to subsidiaries and affiliates	34,123
				Borrowing of long-term funds	17,000	Long-term loans payable to subsidiaries and affiliates *Including those that shall be collected within one year	720,000
				Receipt of interest (Note 5)	8,507		
				Payment of interest (Note 6)	4,256		
Subsidiary	JX Nippon Exploration and Production (U.K.) Limited	Indirectly owned, 100%	Guarantee of obligations	Guarantee of obligations or the like (Note 7) Receipt of fee for guarantee of obligations (Note 7)	96,891 387	Accounts receivable	87
Subsidiary	SCM Minera Lumina Copper Chile	Indirectly owned, 100%	Guarantee of obligations	Guarantee of obligations or the like (Note 7) Receipt of fee for guarantee of obligations (Note 7)	71,023 88	Accounts receivable	1,015

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

(Note 1) In June 2020, JXTG Nippon Oil & Energy Corporation changed its trade name to ENEOS Corporation, and JX Nippon Finance Corporation changed its trade name to ENEOS FINANCE CORPORATION.

(Note 2) The Company receives consideration for business management of principal operating companies (ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Nippon Mining & 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 3) 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 4) The Company granted loan guarantees for JX Nippon Mining & Metals Corporation's loans payable, but does not receive any guarantee fees.

(Note 5) 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 in light of the costs to procure such funds. In addition, regarding the transaction amounts, the loan and collection are presented in net volume.

(Note 6) 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, regarding the transaction amounts, the borrowing and repayment are presented in net volume.

(Note 7) The Company granted guarantees of obligations, or the like, for matters such as each company's loans from financial institutions. The guarantee fees are reasonably determined based on the market price applied to the transaction.

8. Notes to Per-share Information

Net assets per share	536.49 yen
Net income per share	7.61 yen

9. Notes to Material Subsequent Events

Not applicable.

10. Additional Information

Not applicable.