THE FOLLOWING IS AN ENGLISH TRANSLATION PREPARED FOR THE CONVENIENCE OF THE SHAREHOLDERS AND INVESTORS. THE OFFICIAL TEXT IN JAPANESE OF THE DISCLOSURE THROUGH THE INTERNET RELATING TO THE CONVOCATION NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS HAS BEEN PREPARED IN ACCORDANCE WITH STATUTORY PROVISIONS. SHOULD THERE BE ANY INCONSISTENCY BETWEEN THE TRANSLATION AND THE OFFICIAL TEXT IN TERMS OF THE CONTENTS OF THE NOTICE, THE OFFICIAL TEXT SHALL PREVAIL. THE COMPANY ACCEPTS NO LIABILITY FOR ANY MISUNDERSTANDING CAUSED BY THE TRANSLATION FOR ANY REASON WHATSOEVER.

June 6, 2022

Dear Our Shareholders,

Disclosure through the Internet Relating to the Convocation Notice of the 12th Ordinary General Meeting of Shareholders

The 12th Fiscal Term

(from April 1, 2021 to March 31, 2022)

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 the Articles of Incorporation of the Company.

1. Matters Concerning Present Condition of the Corporate Group

Major Business Activities (as of March 31, 2022)

Business Segment	Details of Major Business Activities	Details of Principal Operating Companies
Energy Business	・Manufacturing and marketing petroleum products (e.g. gasoline, kerosene, and lubricants.) ・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, and 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 2021)

(Millions of yen)

(i) Amount of the Remuneration as the Financial Auditor of the Company	163
(ii) Total amount of monies and other property benefits to be paid by the Company and its subsidiaries	1,199

(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 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.

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 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 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 to protect 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, 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 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.

(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. The Company also develops and operates 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 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 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, 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 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 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 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 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 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 Japanese Companies Act.

(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 19, 2022.

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. In this fiscal year, the Company worked to continue autonomous internal control and compliance activities even during the COVID-19 pandemic by taking measures such as reinforcement of the checking system to prevent recurrence of defects.

(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 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 basic management policies 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 based on specific topics, as required in accordance with the instructions of management. In this fiscal year, an audit work support system has been newly introduced to conduct audits more efficiently using information technologies.

(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 "ENEOS Group 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. In this fiscal year, in order to achieve both the further speeding up of business execution and the ensuring of internal control for document management, the Company has introduced a new electronic approval system (digital workflow).

(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.

(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 Company defined "2040 ENEOS Environmental Vision" and "2030 Long-Term Environmental Target" to aim for carbon neutrality by 2040, and is working towards establishment of a low-carbon, recycling-oriented society. 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. In this fiscal year, the Company continued to make every effort to prevent infections of Group employees and ensure its business continuity in principal operating companies under the supervision of the task force to respond to COVID-19.

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 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 is checked in the Executive Council's meetings and Board of Directors' meetings.

(5) In this fiscal year, from the perspective of establishing an optimal IT system, the Company started operation of a new ERP system and endeavored to make the system work stably for the purpose 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) 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 the Integrated Report, etc.

(2) The management of the Company concurrently serves as the management of ENEOS Corporation, and Executive Councils and the administrative departments 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, 2021 to March 31, 2022)

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance as of April 1, 2021	**100,000**	**1,066,459**	**1,042,416**	**(8,793)**
Profit for the year			537,117	
Other comprehensive income				
Total comprehensive income for the year	–	–	537,117	–
Purchase of treasury stock				(50)
Disposal of treasury stock		(285)		286
Cash dividends			(70,733)	
Share-based payment transactions		443		
Equity transactions with non-controlling interests, etc.		(13,228)		
Transfer from other components of equity to retained earnings			8,933	
Transfer from other components of equity to non-financial assets, etc.				
Changes due to business combination				
Other		(4,296)		
Total transactions with owners	–	(17,366)	(61,800)	236
Balance as of March 31, 2022	**100,000**	**1,049,093**	**1,517,733**	**(8,557)**

	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, 2021	**93,184**	**(6,851)**	**38,693**	–	**125,026**	**2,325,108**	**427,460**	**2,752,568**
Profit for the year						537,117	41,935	579,052
Other comprehensive income (loss)	47,951	(12,935)	43,157	7,058	85,231	85,231	13,444	98,675
Total comprehensive income (loss) for the year	47,951	(12,935)	43,157	7,058	85,231	622,348	55,379	677,727
Purchase of treasury stock					–	(50)		(50)
Disposal of treasury stock					–	1		1
Cash dividends					–	(70,733)	(21,671)	(92,404)
Share-based payment transactions					–	443		443
Equity transactions with non-controlling interests, etc.	3,400				3,400	(9,828)	(122,752)	(132,580)
Transfer from other components of equity to retained earnings	(1,875)			(7,058)	(8,933)	–		–
Transfer from other components of equity to non-financial assets, etc.		(2,196)			(2,196)	(2,196)	(4,914)	(7,110)
Changes due to business combination					–	–	37,971	37,971
Other					–	(4,296)	1,809	(2,487)
Total transactions with owners	1,525	(2,196)	–	(7,058)	(7,729)	(86,659)	(109,557)	(196,216)
Balance as of March 31, 2022	**142,660**	**(21,982)**	**81,850**	**–**	**202,528**	**2,860,797**	**373,282**	**3,234,079**

Consolidated Financial Statements

Notes to Consolidated Financial Statements (from April 1, 2021 to March 31, 2022)

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 594 subsidiaries and 170 subsidiaries and affiliates accounted for using the equity-method (affiliated companies, jointly controlled businesses and jointly controlled companies).

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

<u>Major subsidiaries and affiliates accounted for using the equity-method</u>
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

<u>Financial assets measured at amortized cost</u>

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 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 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, 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.

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 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

- 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.

Goodwill relating to affiliated companies and jointly controlled companies included in the carrying amount of the investments accounted for using equity method is not tested for impairment separately. The Company assesses whether there is any objective evidence that an investment in an affiliated company or jointly controlled company is impaired. If any objective evidence of impairment exists, the Company performs an impairment test by comparing the recoverable amount (the higher of value in use and the fair value less costs of disposal, or FVLCD) of the investment to its carrying amount. Any impairment losses recognized in prior periods are reversed to the extent that the recoverable amount of the investment subsequently increases only when there has been a change in the estimates used for determining the recoverable amount of the investment, since the last impairment losses were recorded.

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.

- 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.

- 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 components 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 are 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 value-added tax (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.

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

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 and global affairs related to Ukraine was a highly uncertain factor to be taken into account in estimation.

The impact of COVID-19 continues to affect the economy, business activities, and social life in a wide range of areas, and the impact on demand and prices for various products in the various businesses in which the ENEOS Group operates differs greatly from one business or product to the next. Therefore, we have made reasonable estimates for each business and product on the assumption that the impact of the COVID-19 will continue to a certain extent in the future, based on past sales results and other circumstances.

The international situation surrounding Ukraine has affected commodity prices, especially those of crude oil, natural gas, and copper, which are important to the ENEOS Group. We have made our best estimates based on the assumption that the impact on commodity prices will be short term, and that in the medium to long term, the impact of the situation will disappear and prices will settle down at a certain level. If the future outlook for the above impacts changes, we may revise our estimates at that 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 fiscal year was 47,030 million yen. In addition, the amount recorded as property, plant and equipment, goodwill, and intangible assets at the end of this fiscal year was 4,313,223 million yen.

The amount recorded in this fiscal year includes an impairment loss of 27,640 million yen for the entire book value of the refinery facilities, including buildings, structures, and oil tanks, as of the end of this fiscal year, as ENEOS Corporation, a subsidiary in the Energy segment, decided at its Board of Directors meeting in January 2022 to stop refining, manufacturing, and distribution functions at its Wakayama Refinery by October 2023, and the stand-alone use value of the refinery facilities is expected to become negative.

In November 2021, JX Nippon Oil & Gas Exploration Corporation ("JX"), a subsidiary in the Oil and Natural Gas Exploration & Production segment, signed an agreement with NEO Energy Upstream UK Limited for the sale of 100% share of JX Nippon Exploration and Production (E&P) (U.K.) Limited ("JXNEPUK"), a subsidiary wholly owned by JX, and as a result, the assets and liabilities of JXNEPUK were classified as held-for-sale disposal group and the deferred tax assets of the company were reduced to the amount expected to be recoverable upon the sale. Although JXNEPUK's net assets increased by 10,780 million yen from the time of this classification, mainly due to the recognition of profit after tax, said disposal group was remeasured at fair value less costs to sell and the same amount (10,780 million yen) was recorded as an impairment loss at the end of the third quarter of this fiscal year. The sale was completed in March 2022.

(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 344,292 million yen of exploration and development investment account and 253,707 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 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 fiscal year, the amount recorded as income tax expense was 192,737 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 39,175 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 1,994,830 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 220,188 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 153,990 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, 136,368 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: ······························ 1,018,920 million yen
Cash and cash equivalents: ······································· 98,333 million yen
Other: ··· 26,304 million yen

In addition to the above, shares of subsidiaries (197,312 million yen as of March 31, 2022), which are eliminated in the consolidated statements of financial position, are pledged as collateral.

(ii) Obligations related to security

Accounts payable-other: ··190,921 million yen
Long-term loans payable (including current portion):··········306,708 million yen
Other: ··· 25,742 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 902 million yen, and loans payable and accounts payable by subsidiaries and affiliates accounted for using the equity-method, or the like of 50,522 million yen.

(2) Breakdown of property, plant, and equipment

Buildings, structures and oil tanks:································691,050 million yen
Machinery and vehicles: ··769,482 million yen
Land:·· 1,494,197 million yen
Construction in progress: ···187,592 million yen
Exploration and development investment account:············344,292 million yen
Other: ··· 56,440 million yen

(3) Allowance for doubtful accounts directly deducted from assets

Trade accounts receivables and acceptance receivables:············ 719 million yen
Other: ··2,352 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:

5,900,935 million yen

(5) Breakdown of bonds and borrowings

(i) Current

Bonds: ·· 50,460 million yen
Short-term borrowings: ···282,072 million yen
Long-term borrowings to be repaid within one year:···········134,297 million yen
Commercial papers: ··392,000 million yen

(ii) Non-current

Bonds: ···420,218 million yen
Long-term borrowings: ·· 1,456,411 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 ········· 3,065 million yen
Other companies and employees: ································ 13,290 million yen

4. Notes to Consolidated Statements of Profit or Loss

(1) Breakdown of other income and expenses

(i) Other income

Dividend income: ·· 15,835 million yen
Rental income: ··· 10,390 million yen
Gain on sale of property, plant and equipment: ·················· 54,754 million yen
Other: ·· 35,128 million yen

(ii) Other expenses

Impairment loss: ··· 47,030 million yen
Loss on sale of property, plant, and equipment: ····················· 9,988 million yen
Exchange loss: ·· 6,538 million yen
Other: ·· 64,255 million yen

For details of impairment loss, pleases refer to "2. Notes to Significant Accounting Estimates (1) Impairment of non-financial assets."

"Other" includes 23,775 million yen of expenses, etc. incurred at the time of deconsolidation due to the sale of JX Nippon Exploration and Production (U.K.) Limited, which was a subsidiary in the Oil and Natural Gas Exploration and Production (E&P) segment.

(2) Breakdown of finance income and costs

(i) Finance income

Interest income: ··· 1,891 million yen
Exchange gain: ·· 11,848 million yen
Other: ·· 930 million yen

(ii) Finance costs

Interest expense: ·· 24,801 million yen
Other: ·· 3,984 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, 2022)

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

Of the (13,228) million yen in capital surplus and (122,752) million yen in non-controlling interests resulting from capital transactions with non-controlling shareholders in this fiscal year, the main items were decreases in capital surplus and non-controlling interests attributable to owners of the parent that occurred when Roadmap Holdings KK acquired shares of NIPPO CORPORATION ("NIPPO"), a subsidiary belonging to the ENEOS

Group's Other Business, in connection with the tender offer for the purpose of taking NIPPO private.

Said transaction also increased financial assets measured at fair value through other comprehensive income by 3,400 million yen. The increase represents the reallocation of the cumulative amount of financial assets measured at fair value through other comprehensive income of the NIPPO Group between the equity attributable to owners of the parent and the non-controlling interests through equity, as the share acquisition transaction constituted an additional acquisition transaction of the subsidiary's equity.

(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 fiscal year was 248 million yen.

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

In this fiscal year, the ENEOS Group recognizes the fair value of the written call option held against non-controlling shareholders as financial liability. Since said transaction was with the owner in its capacity as owner, it reduced the capital surplus by 4,544 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 25, 2021	Common stock	35,453 (Note 1)	11.0	March 31, 2021	June 28, 2021
Board of Directors' Meeting held on November 11, 2021	Common stock	35,453 (Note 2)	11.0	September 30, 2021	December 6, 2021

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

(Note 2) Total dividends include dividends of 83 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 28, 2022	Common stock	Retained earnings	35,453(*)	11.0	March 31, 2022	June 29, 2022

(*) Total dividends include dividends of 83 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, 2022)	
	Carrying Amount	Fair Value
Bonds and borrowings	2,735,458	2,734,915

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, 2022)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through net profit or loss				
Trade and other receivables	—	3,549	—	3,549
Other financial assets (derivatives)	—	50,350	820	51,170
Financial assets measured at fair value through other comprehensive income				
Other financial assets (equity investments)	238,165	—	136,368	374,533
Financial liabilities measured at fair value through net profit or loss				
Other financial liabilities (derivatives)	—	96,324	—	96,324
Other financial liabilities (preferred stock)	—	—	16,065	16,065
Other				
Other financial liabilities (derivatives)	—	—	17,458	17,458

A. Trade and other receivables

The fair value of trade and other receivables, which have embedded derivatives and are accounted for in combination, is determined based on the market price of copper on the London Metal Exchange, or LME, for a certain period of time in the future, and are classified as Level 2.

B. 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. All of these derivatives are classified as Level 2. The fair value of the purchased call options toward non-controlling interests and the written put options granted to non-controlling interests are calculated by discounting future cash flows or other valuation approaches, and constitutes Level 3.

C. 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.

D. 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 (equity investments) classified as Level 3 are shown below:

(Millions of yen)

	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
At beginning of the year	100,725
Gains (losses) included in other comprehensive income	34,020
Purchases	4,739
Sales	(4,644)
Settlements	(374)
Other changes	1,902
At end of the year	136,368

Gains (losses) included in other comprehensive income are included in "Changes in fair value of financial assets measured at fair value through other comprehensive income" in the consolidated statements of comprehensive income or loss.

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, 2021 to March 31, 2022)
At beginning of the year	14,241
Losses (gains) recognized in profit or loss	295
Other changes	1,529
At end of the year	16,065

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, 2021 to March 31, 2022)
At beginning of the year	12,129
Other changes	5,329
At end of the year	17,458

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 Income Recognition

(1) Breakdown of income

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)

<table>
<tr><th colspan="7">Current Fiscal Year (From April 1, 2021 to March 31, 2022)</th></tr>
<tr><th colspan="2">Region</th><th>Energy</th><th>Oil and Natural Gas E&P</th><th>Metals</th><th>Other</th><th>Total</th></tr>
<tr><td colspan="2">Japan</td><td>7,316,864</td><td>14,930</td><td>697,154</td><td>436,589</td><td>8,465,537</td></tr>
<tr><td rowspan="2">Asia</td><td>China</td><td>371,716</td><td>29,798</td><td>205,523</td><td>29</td><td>607,066</td></tr>
<tr><td>Other parts of Asia</td><td>779,390</td><td>66,113</td><td>306,703</td><td>2,649</td><td>1,154,855</td></tr>
<tr><td colspan="2">Other</td><td>462,632</td><td>132,118</td><td>81,193</td><td>18,358</td><td>694,301</td></tr>
<tr><td colspan="2">Total</td><td>8,930,602</td><td>242,959</td><td>1,290,573</td><td>457,625</td><td>10,921,759</td></tr>
</table>

(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, 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 is obtained. Thus, income is recognized at that point. In addition, because income 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 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.

Revenue from other sources included in revenue amounted to 138,352 million yen. The revenue is derived from trading of petroleum products and other products which started in this fiscal year in the 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, subsidies received by a domestic subsidiary under the "Project for Measures to Mitigate Drastic Changes in Fuel Oil Prices," 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," are accounted for in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" and included in revenue.

(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 is obtained. Thus, income is recognized at that point. In addition, because income 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 is obtained. Thus, income is recognized at that point. In addition, because income 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, income 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 income, 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

Income 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, income is recognized in the corresponding construction period. When the outcome of construction can be estimated reliably, income 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, 2021)	End of Current Fiscal Year (March 31, 2022)
Trade receivables (accounts receivable - trade and notes receivable - trade)	980,547	1,251,446
Contract assets	46,549	42,778
Contract liabilities	19,630	15,862

Contract assets are unclaimed receivables 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, 2022 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, 2022 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, 2022 is as follows:

(Millions of yen)

Construction contracts in the construction business, etc.	Current Fiscal Year (March 31, 2022)
Within one year	137,151
Over one year, within two years	41,549
Over two years	63,744
Total	242,444

The Company categorizes the transaction price for contracts on which construction plans are not yet finalized as of March 31, 2022 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, due to the possibility of significant reversals being conducted in the future on amounts estimated as of March 31, 2022, these are not presented.

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, 2022 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:	890.88 yen
Basic profit attributable to owners of the parent per share:	167.27 yen
Diluted profit attributable to owners of the parent per share:	166.87 yen

9. Notes to Business Combination

Acquisition of Shares of Japan Renewable Energy Corporation

On October 11, 2021, ENEOS Corporation, a subsidiary in the Energy segment, entered into an agreement with GS Renewable Holdings GK (75% owned by The Goldman Sachs Group Inc. and 25% owned by an affiliate of GIC Private Limited) to acquire the entire issued shares of Japan Renewable Energy Corporation ("JRE"), a wholly owned subsidiary of GS Renewable Holdings, and completed the acquisition on January 14, 2022.

As a result, JRE and its subsidiaries became the Company's subsidiaries.

Subsequently, after considering the possibility of transferring the shares to a third party with which we could expect synergy in terms of future business strategy, we transferred 5% of the shares of JRE we acquired to Sumitomo Mitsui Trust Bank, Limited.

In light of the terms and conditions of said agreement, since it was determined that accounting for this transaction as a single transaction together with the agreement to acquire all shares of JRE represents the economic reality of the transaction, the business combination was accounted for as a 95% equity acquisition as follows.

Since the allocation of acquisition costs has not been completed as of the end of this consolidated fiscal year, provisional accounting has been applied based on reasonable information available as of the end of this consolidated fiscal year.

(1) Outline of the Business Combination

(i) Name of the acquired company and its business

Name of the acquired company:
Japan Renewable Energy Corporation

Business:
Preliminary surveys, planning, design, materials procurement and sales, civil engineering, electrical service, construction, operation, maintenance and inspection work, and electric power sales pertaining to power generation plants (wind, solar, biomass, and other natural energy-based power generation)

(ii) Main reason for business combination

In its 2040 Long-Term Vision, the ENEOS Group has set three goals for its envisioned ideal form: "Become one of the most prominent and internationally-competitive energy and materials company groups in Asia," "Create value by transforming our current business structure," and "Contribute to the development of a decarbonized, recycling-oriented society," and while maximizing cash flow from core businesses such as refining and marketing, we are aggressively making strategic investments in growth businesses, including petrochemicals, materials, next-generation energy supply, and environmentally friendly businesses.

Since its establishment in August 2012, JRE put forward a vision of "to take leadership in creating a prosperous and sustainable society through development of renewable energy," and has been one of the leading renewable energy companies in Japan that engages in renewable power generation business across the full value chain from project development to operation and maintenance of renewable power plants.

The objective is to become a leading renewable energy company in Japan by combining the ENEOS Group's accumulated knowledge as an energy company with JRE's business development capabilities.

(iii) Date of acquisition January 14, 2022

(iv) Method of acquiring control of the acquired company
Acquisition of shares for cash as consideration

(v) Entity name after business combination
There is no change in the name of the combined entity.

(vi) Percentage of voting rights acquired 95%

(2) Matters regarding calculation of acquisition price

Acquisition price of the acquired entity and breakdown of consideration by category
Cash 182,355 million yen

(3) Fair value of the acquisition price on the acquisition date; acquired assets and assumed liabilities

	(Millions of yen)
Cash and cash equivalents	40,424
Trade and other receivables	2,670
Property, plant and equipment (Note 1)	171,653
Intangible assets (Note 1)	171,583
Other assets	19,424
Trade and other payables	(24,517)
Bonds and borrowings	(156,635)
Deferred tax liabilities	(53,640)
Other liabilities	(20,146)
Acquired assets and assumed liabilities (net)	150,816
Non-controlling interests (Note 2)	(37,971)
Goodwill (Note 3)	69,510
Fair value of the acquisition price	182,355

1. Property, plant and equipment mainly comprise power generation facilities, and intangible assets primarily consist of electricity sales contracts based on the feed-in tariff (FIT) system.
2. Non-controlling interests are measured at the proportionate share of non-controlling shareholders in the fair value of identifiable net assets of the acquired company.
3. Goodwill stems from future cash flows (after adjusting for risks) from solar, wind, and biomass power plants that are expected to be derived from transactions other than electricity sales contracts based on the FIT system.
   No portion of the goodwill is expected to be deductible for tax purposes.

(4) Acquisition related expenses

Acquisition related expenses for this business combination are 1,727 million yen and recorded in “selling, general and administrative expenses” in the consolidated statements of profit and loss.

(5) Impact on the ENEOS Group’s business results

Profit or loss information after the acquisition date, as well as pro forma information (unaudited information) calculated as if the business combination was carried out at the beginning of the consolidated fiscal year under review on April 1, 2021, are omitted because the business combination has an insignificant impact on the income and profit for the year in consolidated financial statements.

10. Notes to Material Subsequent Events

(1) Acquisition of elastomers business

On May 11, 2021, ENEOS Corporation (“ENEOS”), a subsidiary of the Energy Segment, reached an agreement with JSR Corporation (“JSR”) to acquire JSR’s elastomers business, including the manufacture and sale of synthetic rubber, and on April 1, 2022, ENEOS completed the acquisition of all shares of ENEOS Materials Corporation, a newly established company that took over this business and the shares of subsidiaries and affiliates accounted for using equity-method related to this business.

In its 2040 Long-Term Vision, the ENEOS Group has positioned the high-performance materials business as a growth business that will develop and strengthen its technological capabilities, and by acquiring technologies in new core areas of the materials business, ENEOS will provide high-performance materials that support various industries, including the mobility industry. In the future, ENEOS Materials Corporation aims to be a global leading company in the materials field, playing a central role in our materials business, which includes monomers and polymers, with the elastomers business as a pillar.

(Acquisition consideration)
The consideration for the acquisition has not been finalized at this time, as the financial position of JSR and its subsidiaries and affiliates for using the equity-method in the elastomers business as of March 31, 2022, is still under examination.
(Identifiable assets acquired and liabilities assumed)
The fair value of the assets acquired and liabilities assumed are currently under calculation.

(2) Transfer of shares held by the Company in connection with the privatization of NIPPO CORPORATION

On September 7, 2021, the Company agreed to take NIPPO private jointly with GK Nogizaka Holdings and Aether Holdings GK (both together referred to as “GSSPC”), all of whose shares are indirectly held by The Goldman Sachs Group, Inc., by acquiring all shares of NIPPO CORPORATION (“NIPPO”), which is part of the Group’s other businesses.

As part of this series of transactions, NIPPO resolved at its extraordinary general meeting of shareholders held on February 25, 2022, to reverse the 16,972,584 shares of common stock into one share, with an effective date of March 31, 2022. As a result, NIPPO’s common stock will be delisted as of March 29, as it meets the delisting criteria, and as of the effective date, the shareholders with voting rights will be the Company and Roadmap Holdings KK, a subsidiary of the Company in which the Company and GSSPC have invested (“Roadmap”).

In order to make NIPPO’s shareholders the only shareholders of Roadmap, NIPPO resolved to acquire its treasury shares at an extraordinary general meeting of shareholders held on April 27, 2022 (written resolution pursuant to Article 319, Paragraph 1 of the Companies Act), and in response to this resolution, the Company transferred all of its shares held in NIPPO on May 10, 2022. As a result, Roadmap now owns 100% of NIPPO’s voting rights.

This transaction and the squeeze-out transaction due to the reverse stock split of NIPPO (*), which is proceeding simultaneously, will have no impact on the consolidated statements of profit or loss, however, since this is an equity transaction that results in a change in ownership interest in a subsidiary without a change in the scope of consolidation, capital surplus is expected to decrease by approximately 13.0 billion yen and noncontrolling interest by approximately 11 billion yen in the consolidated statement of changes in equity for the fiscal year ending March 31, 2023.

As a result of this transaction, financial assets measured at fair value through other comprehensive income are also expected to decrease by approximately 10 billion yen. This decrease represents the reallocation of the cumulative amount of financial assets measured at fair value through other comprehensive income (loss) of the NIPPO Group between the equity attributable to owners of the parent and non-controlling interests through equity.

(Note) NIPPO has taken steps to deliver cash to shareholders who held NIPPO’s common stock corresponding to fractions of less than one share.

|Non-consolidated Statements of Changes in Net Assets (from April 1, 2021 to March 31, 2022)|

(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 depreciation of non-current assets	Retained earnings brought forward	Total retained earnings	Treasury stock	**Total shareholders' equity**
Balance as of April 1, 2021	**100,000**	**526,389**	**937,531**	**1,463,920**	**1,679**	**133,994**	**135,673**	**(7,126)**	**1,692,467**
Changes of items during the period									
Dividends of surplus						(70,906)	(70,906)		(70,906)
Net income						140,898	140,898		140,898
Purchase of treasury stock								(8)	(8)
Disposal of treasury stock			(0)	(0)				286	286
Reversal of reserve for advanced depreciation of non-current assets					(12)	12	–		–
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	(0)	(0)	(12)	70,004	69,992	278	70,270
Balance as of March 31, 2022	**100,000**	**526,389**	**937,531**	**1,463,920**	**1,667**	**203,998**	**205,665**	**(6,848)**	**1,762,737**

	Valuation and translation adjustments			**Total net assets**
	Changes in fair value of financial assets	Changes in fair value of deferred hedges	Total valuation and translation adjustments	
Balance as of April 1, 2021	**32,334**	**(77)**	**32,257**	**1,724,724**
Changes of items during the period				
Cash dividends				(70,906)
Net income				140,898
Purchase of treasury stock				(8)
Disposal of treasury stock				286
Reversal of reserve for advanced depreciation of non-current assets				–
Net changes of items other than shareholders' equity	14,723	53	14,775	14,775
Total changes of items during the period	14,723	53	14,775	85,045
Balance as of March 31, 2022	**47,057**	**(25)**	**47,032**	**1,809,769**

Non-consolidated Financial Statements

Notes to Non-consolidated Financial Statements (from April 1, 2021 to March 31, 2022)

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:

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) 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) Recording Standards for Income Recognition

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 Nippon Mining & 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 consolidated tax payment system
The consolidated tax payment system is applied.
(iv) 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.

2. Notes to Changes in the Accounting Policies

(1) Application of Accounting Standard for Revenue Recognition, etc.
The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) effective from the beginning of this fiscal year, and it has recognized revenue at the time the control of promised

goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. This change has no impact on non-consolidated financial statements.

(2) Application of Accounting Standard for Fair Value Measurement, etc.
The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant regulations effective from the beginning of this fiscal year, and the new accounting policy specified by the Accounting Standard for Fair Value Measurement has been applied prospectively in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the non-consolidated financial statements for the fiscal year under review.

3. Notes to Changes in the Presentation Method

"Accounts payable," which had been included in "Other" under current liabilities in the previous fiscal year, is stated separately from the fiscal year under review due to its increased materiality. Accounts payable as of March 31, 2021 was 14,788 million yen.

4. Notes to Income 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 Recognition."

5. 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 and global affairs related to Ukraine 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 2,327,156 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.

6. 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 ····················115,300 million yen

(2) Accumulated Depreciation of Property, Plant and Equipment: ··· 12,921 million yen

(3) Guarantee Obligations

Guarantee on loans:	171,842 million yen
Guarantee on transactions-other:	318,452 million yen
Total:	490,293 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:... 81,452 million yen
Long-term monetary claims:...- million yen
Short-term monetary obligations: .... 56,375 million yen
Long-term monetary obligations:... 2,482 million yen

7. Notes to Non-consolidated Statements of Income

Volume of Transactions with Subsidiaries and Affiliates

Operating revenue:.. 149,523 million yen
Operating expenses: .... 5,090 million yen
Volume of transactions other than in business transactions: .... 22,929 million yen

8. 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	15,468,741 shares	18,054 shares	665,275 shares	14,821,520 shares

(Note 1) The increase in the number of treasury stock is 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 663,899 shares due to delivery to directors and the like through the BIP trust, an executive incentive plan, and a decrease of 1,376 shares due to demand for sale to holders of shares less than one unit.

9. 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	15
Investment securities	1,020
Loss on valuation of investments in securities	7,474
Income tax payable	185
Other	880
Subtotal of deferred tax assets	9,574
Valuation reserve	(1,768)
Total deferred tax assets	7,806
(Deferred Tax Liabilities)	
Land	213
Reserve for advanced depreciation of fixed assets	736
Investment securities	20,906
Assets for adjustment of profit and loss	3,970
Other	298
Total deferred tax liabilities	26,122
Net deferred tax liabilities	18,316

10. 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) Guarantee of obligations or the like (Note 2) Individually attributed amount of consolidated tax payment	10,061 222,331 62,386	Operating accounts receivable Accounts receivable	220 62,386
Subsidiary	JX Nippon Oil & Gas Exploration Corporation	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 1) Individually attributed amount of consolidated tax payment	952 51,661	Operating accounts receivable Accounts payable	62 51,661
Subsidiary	JX Nippon Mining & Metals Corporation	Directly owned, 100%	Business management; Interlocking directorate	Receipt of business management fee (Note 1) Guarantee of obligations or the like (Note 3)	1,905 71,530	Operating accounts receivable	119
Subsidiary	ENEOS FINANCE CORPORATION	Directly owned, 100%	Outsourcing of funds related services; Interlocking directorate	Loan of operation funds by group finance (Note 4) Short-term loans	348,000	Short-term loans receivable from subsidiaries and affiliates	392,000
				Long-term loans	266,000	Long-term loans receivable from subsidiaries and affiliates *Including those that shall be collected within one year	1,510,912
				Borrowing of necessary funds for the Company by group finance (Note 5) Repayment of short-term funds	24,213	Short-term loans payable to subsidiaries and affiliates	9,911
						Long-term loans payable to subsidiaries and affiliates *Including those that shall be collected within one year	720,000
				Receipt of interest (Note 4)	8,981		
				Payment of interest (Note 5)	4,448		
Subsidiary	SCM Minera Lumina Copper Chile	Indirectly owned 100%	Guarantee of obligations	Guarantee of obligations or the like (Note 6) Receipt of fee for guarantee of obligations (Note 6)	61,973 141	Accounts receivable	33
Subsidiary	Roadmap Holdings KK	Indirectly owned, 50.1%	Interlocking directorate	Provide security (Note 7)	115,300	–	–

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 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 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 granted loan guarantees for JX Nippon Mining & Metals Corporation's loans payable, but does not receive any guarantee fees.

(Note 4) 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 5) 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 6) 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.

(Note 7) 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.

11. Notes to Per-share Information

Net assets per share ······ 562.83 yen
Net income per share ······ 43.82 yen

12. Notes to Material Subsequent Events

Transfer of shares of a subsidiary (NIPPO CORPORATION)
The Company transferred all its shares of NIPPO CORPORATION to NIPPO CORPORATION on May 10, 2022, as stated in "10. Notes to Material Subsequent Events, (2) Notes to Consolidated Financial Statements." As a result of this transaction, the Company expects to record a gain on sales of shares of subsidiaries and affiliates of approximately 190 billion yen as special gain in its non-consolidated statements of income for the fiscal year ending March 31, 2023.

13. Additional Information

Not applicable.