

Message from the CEO

We will maximize corporate value through transformation to a robust management structure and portfolio restructuring.

Focus Areas in the Previous Year

Establishing a New Management Structure

Since my appointment as CEO in April 2024, I have been working to strengthen governance while reviewing our medium- to long-term business strategy to enhance the ENEOS Group (see page 08).

Previously, the holding company and ENEOS, one of our operating companies, were operated in an integrated manner. This resulted in uncertainty regarding supervisory responsibilities and division of roles in Group management. By clearly separating the roles of the holding company and ENEOS, handling of the operating companies has become smoother, and we are now able to supervise each company's business in a comprehensive manner. The transition to the new structure was completed in fiscal 2024 and I feel that the effectiveness of the holding company structure has improved dramatically. By being involved in each operating company's budget, we can keep a close eye on their management. We also plan to strengthen our supervision of the subsidiaries of our principal operating companies in the future.

The Group has adopted a CxO system, with a CFO,

CHRO, CTO, CPPO, CRO, and CCO¹, creating a structure that runs horizontally across the entire Group. One example of an improvement brought about by this change is the establishment of a dedicated FP&A² organization under the CFO, which has strengthened decision-making by combining information from finance and accounting with information from business divisions. This is a major step forward in terms of operations.

For large-scale projects and strategic procurement, cold-eye reviews and function reviews for large investments are implemented under the supervision of the CPPO. By changing to a system where gatekeeper approval is required, we can expect to see benefits such as improved returns on investment projects.

In terms of human resources, the effects of the transformation are beginning to emerge, as executive officers and general managers in charge of human capital



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management of principal operating companies are now able to discuss issues and solutions across the entire Group without any barriers.

We are also restructuring the succession plan for management, having redefined the roles and requirements of leaders based on the management issues of principal operating companies and mapped and assessed the capabilities, experience, and skills of the current management team and successor candidates. Based on this, we are implementing highly transparent selection of company presidents, which included the appointment of two new presidents of principal operating companies effective April 2025.

¹ CFO: Chief Financial Officer; CHRO: Chief Human Resources Officer; CTO: Chief Technology Officer; CPO: Chief Project & Procurement Officer; CRO: Chief Risk Officer; and CCO: Chief Compliance Officer.

² Financial planning & analysis: An organization that provides necessary information from the fields of finance and accounting to support management decision-making in formulating business strategies and determining specific measures.

JX Advanced Metals IPO

The decision concerning the IPO of JX Advanced Metals, one of our fiscal 2024 highlights, was the culmination of several years of careful preparation by JX Advanced Metals and us to maximize its value toward listing, including the transfer of shares in the Caserones Copper Mine.

In terms of best owner, the IPO will eliminate the conglomerate discount and maximize the corporate value of both companies by allowing the Company to focus on the energy and materials segments, while JX Advanced Metals will focus on the semiconductors and information and communications materials, which will drive growth. Furthermore, we have established a financial foundation to make strategic investments necessary for business portfolio transformation to realize the energy transition, as well as to provide shareholder returns in an agile and reliable manner.

Formulation of Fourth Medium-Term Management Plan in Response to Changes in the Business Environment

Key Points of the Fourth Medium-Term Management Plan

While the social situation regarding energy is moving toward decarbonization, there is a growing emphasis on a stable and economical supply of energy, including petroleum. In addition, there is increasing uncertainty due to factors such as the increased cost toward decarbonization, the difficulty in predicting project profitability due to inflation, etc., and policy risks in various countries.

Reflecting these changes in the external environment and the changes to our business portfolio with the IPO of JX Advanced Metals, we ended our third Medium-Term Management Plan one year early and launched the fourth Medium-Term Management Plan in fiscal 2025. To enable us to respond to these changes in the social situation with agility and flexibility, the fourth Medium-Term Management Plan sets out two strategic pillars, transformation to a robust management structure and portfolio restructuring, as basic policies. It also stipulates allocation management in the cash flow plan to allow for funding investments and shareholder returns.

With the trend toward carbon neutrality slowing, the turning point in the energy transition may be delayed beyond our initial expectations. In preparation for this turning point, whenever it may occur, we will streamline and strengthen our base and materials businesses to achieve high cash generation capability, and use the cash generated by the base and materials businesses to create value through flexible cash allocation. Regarding our low-carbon business in particular, the importance of low-carbon energy will increase during the transition period, and we will focus our efforts on this business.

Initiatives for the Enhancement of the ENEOS Group

Enhancing the ENEOS Group

Ideal management / Managing structure to lead transformation

Continuous governance transformation

Improvement in transparency of governance

Restructuring of succession plan

Reforming Group management structure to realize the Long-Term Vision

Cease management of HD and ENEOS in an integrated manner

Introduce Group Chief Officer system

Re-establishing a work environment where employees can work comfortably and with pride

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Transformation to a Robust Management Structure

One of the pillars of our Medium-Term Management Plan is transformation to a robust management structure, as we must improve the efficiency of our existing businesses to maximize the earnings of the Group. We will improve ROIC through comprehensive visualization, not just by business, but from multiple perspectives, including by supply chain stage and area, and through the implementation of effective measures. I feel that there is still a great deal of potential for efficiency improvement at Group companies in particular. We will evaluate these companies in terms of capital efficiency and business strategies and proceed with reductions.

We will also utilize AI across all operations to significantly improve operational efficiency and maximize profits. Previously, we have used AI in some operations, such as to optimize the supply chain in supply and manufacturing and to explore new materials in research and development. In fiscal 2025, we established the AI Innovation Department directly under the CEO to strongly promote the use of AI. We will actively explore the full potential of AI utilization across all of our businesses to reduce fixed costs and streamline our organization by improving operational efficiency, and maximize profits by optimizing operations.

Portfolio Restructuring

Another pillar of the Medium-Term Management Plan is portfolio restructuring. While improving the efficiency of existing businesses, we will prioritize the allocation of resources to the Petroleum Products business, which will continue to be important due to the delayed progress toward carbon neutrality, and to low-carbon solutions, such as LNG, SAF, and biofuels, and will proceed with portfolio restructuring. In addition to organic strategic investments, we will actively consider the utilization of M&A, and identify and evaluate potential

acquisition targets, including cross-border opportunities, while prioritizing synergies with existing businesses.

We will carefully select investments and maximize returns through enhanced investment management. While we have conducted a certain level of investment screening to date, in fiscal 2025 we will establish an investment screening team, and thereafter we will carefully select investment projects through systematic, multifaceted screening. In addition, after a certain period of time following the execution of investment projects, we will conduct investment reappraisals and enhance investment outcomes by reviewing strategies and reallocating resources as needed.

Especially for M&A, post merger integration (PMI) is vital for success. Therefore, we have established PMI guidelines that are also applicable to cross-border M&A and put in place a system to maximize returns.

Shareholder Returns

As stated in our Shareholder Return Policy, we have positioned the return of profits to shareholders as an important management issue and will strive to continue to provide stable dividends with the basic policy of implementing returns reflecting medium-term consolidated business performance and forecasts.

During the two-year period of the third Medium-Term Management Plan, we completed share buybacks totaling approximately 250.0 billion yen and increased the annual dividend by 4 yen per share, from 22 yen to 26 yen. To underscore our commitment to achieving the targets of the fourth Medium-Term Management Plan, we have decided to further increase the annual dividend by 4 yen per share, from 26 yen to 30 yen, in fiscal 2025, the first year of the plan, and to progressively increase dividends thereafter.

We will continue to enhance shareholder returns,



keeping in mind the pursuit of an optimal capital structure and the utilization of allocation management.

Developing Strong Leaders through Human Capital Management

Enhancing Employee Engagement

The enhancement of employee engagement is an important factor underpinning the growth of a company. While enhancing employee engagement is not easy, I believe it is important for management to continue to communicate their thoughts and expectations to employees. To that end, we proactively create opportunities for interactions between management and employees. Through town hall meetings and social gatherings in the employee cafeteria, we provide opportunities for everyone from top management to junior employees to freely exchange opinions.

Through these activities, we not only share the Group's vision, but also help employees understand their own roles and build a foundation to bring the entire organization together.

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This also has the effect of strengthening horizontal ties and expanding networks among employees.

Developing Strong Leaders

Going forward, the Group will need strong leaders who can overcome uncertain times. In other words, we need people who are unafraid of change, who are willing to bring about change themselves, and who can lead organizational change. This awareness may not be widespread in Japan, but it is necessary for overcoming these uncertain times. In particular, tenacity in negotiations and speed in decision-making are important for M&A. Whether in Japan or overseas, it is essential to approach not only negotiating partners but also government agencies and other organizations and have a good understanding of the situation. We are focusing on the development of people with the leadership skills to thrive in areas that transcend their own fields of expertise.

Job-Based Talent Management

Job-based talent management is the key to assigning the right person to the right job. We are currently building a system that matches talent with the knowledge, experience, and skills required for each position. By specifically understanding the requirements for the position they are aiming for, employees can grow autonomously, and we can make the most of their skills and experience. We aim to grow together by building a relationship where we are chosen by individuals, and they are chosen by us.

Strengthening the Group over the Medium to Long Term

The Importance of Verification

There is a saying that I value in my approach to management: "Change before you have to," by Jack Welch. This saying

illustrates the importance of initiating change before change becomes necessary. I also place importance on the idea of "trust but verification."

When we entrust tasks to others, we tend to leave it entirely to them. Yet, even after entrusting the tasks, we should manage them by carefully verifying the process and progress. It was my boss at an overseas multinational corporation where I used to work who made me realize how important this is. He said to me, the refinery manager, "How do you know? How can you say it's safe?" And he was absolutely right. We have to determine rules and systems, and thoroughly verify that they are being properly implemented on-site. Many Japanese people are not used to pursuing things logically, and find this difficult to understand, but in an interview with one manager, he said, "Through overseas M&A, our company was able to incorporate a culture of verification, which is a global standard, and as a result, we were able to improve our performance," and I felt a strong connection with this statement.

I believe that by instilling a culture of trust but verification, we can become a stronger company, and that understanding the importance of verification and being able to put it into practice is an essential quality that should be honed in a leader.

Cross-Border Growth

In Japan, where the population is declining, simply maintaining the status quo will only lead to the shrinking of our business. Our energy business can no longer exist in Japan alone. We must broaden our perspective to a global one. This is especially true in a market that requires cross-border operations, so thorough preparation is vital. At Board of Directors meetings, we have repeatedly discussed taking on challenges in a wide range of fields, taking into account

global political and economic trends and changes in the Asian economic environment. Our greatest strength is our operations, which make full use of functional supply chains that span the globe, something that other companies cannot easily replicate. By leveraging this strength, we will expand our growth potential.

Message to Stakeholders

Over the past year, we have been implementing corporate reforms in a variety of areas, and I am confident that these reforms will produce sound results. In addition, we will accelerate our transformation by utilizing AI across all of our businesses. Even in a challenging business environment where domestic demand for petroleum is on the decline, we recognize that we must quickly achieve and sustain visible results in the form of improved capital efficiency.

First, to ensure we achieve ROE of 10% or more as set out in our Medium-Term Management Plan, we will seize investment opportunities through decision-making focused on economic rationality. We will endeavor to grow our business while also seeking to enhance corporate value through the best mix of growth and shareholder returns.

I would like to thank our shareholders, investors, and other stakeholders for your continued support as we strive to meet your expectations.

September 2025

Miyata Tomohide

Representative Director, CEO
ENEOS Holdings, Inc.