

Attachment to the Convocation Notice of
the 8th Ordinary General Meeting of Shareholders

Report for the 8th Fiscal Term

(from April 1, 2017 to March 31, 2018)

JXTG Holdings, Inc.

Securities Code: 5020

Table of Contents

| | |
|---|----|
| ■ Items Posted on the Company’s Website | 3 |
| ■ Business Report | |
| 1. Matters Concerning Present Condition of the Corporate Group | 4 |
| 2. Matters Concerning Shares | 33 |
| 3. Matters Concerning the Company’s Directors and Corporate Auditors | 34 |
| 4. Material Company Reorganization in Connection with Business Integration | 41 |
| ■ Consolidated Financial Statements | |
| Consolidated Statements of Financial Position | 42 |
| Consolidated Statements of Profit or Loss | 43 |
| Consolidated Statements of Changes in Equity | 44 |
| (Reference) Consolidated Statements of Cash Flows (Summary) | 45 |
| ■ Non-consolidated Financial Statements | |
| Non-consolidated Balance Sheets | 46 |
| Non-consolidated Statements of Income | 47 |
| Non-consolidated Statements of Changes in Net Assets | 48 |
| ■ Audit Reports | |
| Copy of the Accounting Auditor’s Report (on Consolidated Financial Statements) | 49 |
| Copy of the Accounting Auditor’s Report (on Non-consolidated Financial Statements) | 51 |
| Copy of Corporate Auditors’ Report | 53 |

Items Posted on the Company's Website

Pursuant to laws and regulations and Article 15 of the Company's Articles of Incorporation, the following items are available on the Company's website

The Company's Website:

<https://www.hd.jxtg-group.co.jp/english/ir/stock/meeting/>

Business Report

- Matters Concerning the Accounting Auditor
- Systems to Ensure Proper Operations and the Operating Effectiveness of Such Systems

Consolidated Financial Statements

- Notes to Consolidated Financial Statements

Non-Consolidated Financial Statements

- Notes to Non-consolidated Financial Statements

Business Report for the 8th Fiscal Term (from April 1, 2017 to March 31, 2018)

1. Matters Concerning Present Condition of the Corporate Group

(1) Major Business Activities (as of March 31, 2018)

JXTG Group is an “integrated energy, resources, and materials business group,” having core operating companies—JXTG Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Nippon Mining & Metals Corporation—under the Company as the holding company.

JXTG Group’s major business activities are as follows:

| Business Segment | Details of Major Business Activities | Core Operating Companies |
|---|--|---|
| Energy Business | <ul style="list-style-type: none">• Manufacturing and marketing petroleum products (e.g., gasoline, kerosene, and lubricant, etc.)• Importing and marketing gas and coal• Manufacturing and marketing petrochemical products• Sale of electricity | JXTG Nippon Oil & Energy Corporation |
| Oil and Natural Gas Exploration & Production Business | <ul style="list-style-type: none">• Exploring, developing, and producing oil and natural gas | JX Nippon Oil & Gas Exploration Corporation |

| Business Segment | Details of Major Business Activities | Core Operating Companies |
|------------------------|---|--|
| Metals Business | <ul style="list-style-type: none"> • Exploring and developing non-ferrous metal resources (e.g., copper and gold) • Manufacturing and marketing non-ferrous metal products (e.g., copper, gold, and silver) • Manufacturing and marketing electro-deposited copper foil and treated rolled copper foil • Manufacturing and marketing thin-film materials (e.g., targets, surface treatment material, and compound semiconductor material) • Manufacturing and marketing precision rolled products and precision-processed products • Non-ferrous metal recycling and industrial waste treatment • Manufacturing, processing, and marketing titanium metals | JX Nippon Mining & Metals Corporation |
| Other Business | <ul style="list-style-type: none"> • Civil engineering work, including roadwork and pavement construction • Construction work | / |

(Note) JX Group and TonenGeneral Group integrated their business operations as of April 1, 2017. In connection with the business integration, the Company changed its corporate name to JXTG Holdings, Inc., and JX Nippon Oil & Energy Corporation changed its corporate name to JXTG Nippon Oil & Energy Corporation.

(2) Business Progress and Results

A. Circumstances Surrounding JXTG Group

The global economy in fiscal year 2017 continued to grow steadily as private consumption remained strong in the United States, China and Europe, among others. In Japan, while private capital investment increased as corporate earnings improved due to the growth in the global economy, the Japanese economy maintained a slow pace of recovery as private consumption recovered due to improved employment and income

environment.

The Dubai crude oil price, which is the benchmark crude oil price in Asia, was at 52 dollars per barrel at the beginning of this fiscal year. However, due to concerns over excess supply in oil producing countries such as the United States, Libya and Nigeria, among others, the price of oil decreased to 44 dollars in June. The price of oil was 65 dollars per barrel by the end of this fiscal year as the OPEC and major non-OPEC oil producing countries coordinated to curtail oil production and as concerns over geopolitical risks due to political instabilities in the Middle East increased.

Regarding domestic demand for petroleum products, demand for kerosene increased as the winter temperature remained lower than the previous winter. However, demand for gasoline decreased due to the further spread of fuel-efficient cars, and demand for heavy oil decreased due to the re-operation of nuclear power plants and progress in fuel conversion. As a result, overall demand for petroleum products was lower than the previous fiscal year. On the other hand, demand for petrochemical products grew particularly in the Asia region.

The LME (London Metal Exchange) price for copper, which is the international index price for copper, moved around 5,700 dollars per ton from the beginning of this fiscal year to June. However, the price turned upward due to robust growth in China, which is the largest consumer of copper, and due to growth of expectations in demand for electric vehicles. Consequently, the price was 6,685 dollars per ton at the end of this fiscal year. In addition, demand for electric materials increased particularly for products related to smartphones and servers.

In this business situation, JXTG Group implemented various measures in its business units based on the Medium-Term Management Plan (from fiscal year 2017 to fiscal year 2019) formulated in May 2017, as follows.

B. Progress and Results of Each Business



Results of the Energy Business

| Item | This fiscal year (8th fiscal term) | Previous fiscal year (7th fiscal term) | Change from the previous fiscal year |
|---|--|---|--|
| Net sales | 8,700.1 billion yen | 5,588.6 billion yen | 3,111.5 billion yen |
| Operating income [Operating income excluding inventory valuation factors] | 416.6 billion yen [303.6 billion yen] | 240.2 billion yen [115.9 billion yen] | 176.4 billion yen [187.7 billion yen] |

Business Summary

- **Strengthening the competitiveness of our core business**

In the petroleum refining and marketing and petrochemical products business, we did our best to further strengthen the competitiveness of the entire supply chain under the demanding business environment due to a decrease in domestic demand for petroleum products and challenges from cost-competitive overseas refineries. In terms of procurement and logistics, we streamlined the tanker allocation and also promoted to optimize accommodation of products and semi-processed products between oil refineries and plants. In production, we increased production efficiency through integrated operation of the refinery and the plant in the Kawasaki area. In addition, in an effort to develop an optimal network of refineries and plants, we decided to terminate the operations of the Muroran plant at the end of March 2019 and make it into a business site with logistics function beginning April 2019. Furthermore, in order to further strengthen safety and stable operation structures, we introduced various management systems including the operations management system. In

terms of sales, we streamlined sales strategies including wholesale pricing structures, and from the perspective of maximizing convenience for the customers, we decided to adopt a single brand name, “ENEOS,” by the end of June 2019 from the current nationwide service stations that exist under four different brands.

In addition, in order to further the early realization and maximization of integration synergies (to achieve an earnings improvement of 100.0 billion yen by fiscal year 2019, the last fiscal year of the Medium-Term Management Plan), we recorded an earnings improvement of 44.1 billion yen during this fiscal year through streamlining and rationalization in each division including manufacturing, supply and purchase.

- **Developing and expanding businesses that will be mainstays of the future**

In the electricity business, we entered the retail electricity business with the brand names, “ENEOS Denki” (note: “denki” means electricity) and “my Denki” and received approximate 400,000 applications as of the end of this fiscal year. In addition, we worked in power generation of solar and wind power as a renewable energy business and began the construction of a power station that utilizes environmental friendly wood biomass fuels from August 2017 in Muroran City.

In the gas supply business, we decided to enter the retail gas supply business, which was completely liberalized in April 2017, and expect to begin the sale of gas in parts of the Greater Metropolitan Area of Tokyo from the fiscal year 2018. In addition, in order to secure a supply source for city gas, we established a joint-venture with TEPCO Fuel & Power, Inc. and Osaka Gas Co., Ltd., known as “Ohgishima City-Gas Supply Company, Incorporated” in October 2017.

In the hydrogen business, anticipating that fuel cell automobiles will spread in the future, we established “Japan H2 Mobility, LLC” in February 2018 along with 10 other companies, which include infrastructure business operator, automobile manufacturer and financial institutions, among others, and embarked on a full-scale installation of hydrogen stations. In addition, we were selected as an operator of hydrogen supply and hydrogen stations in the Olympic village district during the Olympic and Paralympic Games Tokyo 2020 as well as in the aftermath of the event.

In the overseas business, we began a study for a joint-venture in Marifu Refinery with our strategic partner, Vietnam National Petroleum Group.

- **Reinforcing business management system**

In order to assist in the comprehensive collection and standardization of information necessary for business management as well as in appropriate and swift management decision-making processes, we decided to introduce the latest enterprise resource planning system (ERP system) and prepared for the start of its operation by 2020.



Service Stations



Mega Solar Power Plant
(Uruma City, Okinawa)

Oil and Natural Gas Exploration and Production (E&P) Business



Results of the Oil and Natural Gas E&P Business

| Item | This fiscal year (8th fiscal term) | Previous fiscal year (7th fiscal term) | Change from the previous fiscal year |
|----------------------------|---------------------------------------|---|---|
| Net sales | 155.8 billion yen | 144.4 billion yen | 11.4 billion yen |
| Operating income or (loss) | 37.6 billion yen | (48.2) billion yen | 85.8 billion yen |

Business Summary

- **Oil and natural gas production volumes**

Despite starting production at the Layang oil/gas field in Malaysia and at the Hail oil field in the UAE, as we proceeded with sales of our interests under the policy of selection and concentration, and because of the effects of the earthquake in Papua New Guinea as well, the volume of oil and natural gas produced by JX Nippon Oil & Gas Exploration Corporation in this fiscal year was 119 thousand barrels of oil equivalent per day, which was below the volume produced in the previous fiscal year.

- **Efforts to establish a strong corporate structure**

In order to establish a strong corporate structure that can achieve sustainable development even in the low-price oil environment, we worked to thoroughly ensure the policy of selection and concentration by

selling all of our interests in the Blane oil field in the British North Sea and the Syncrude Oil Sands Project in Canada, where operation costs were comparatively high.

In the Middle East, in order to further develop relationships with the governments of oil-producing countries and state-run oil companies with an aim to secure new projects, we opened a new Abu Dhabi office in the UAE in November 2017. Furthermore, in order to expand our businesses in Malaysia where we have accomplished knowledge and business practices, we restructured the Kuala Lumpur office with a function as a central regional operation in January 2018.

In addition, we opened a Brisbane office in Australia in April 2018 in order to reinforce support for the Papua New Guinea business which is expected to have strong cash flows in the foreseeable future.

- **Expanding the supply of natural gas in Malaysia**

In May 2017, we began the commercial production of natural gas in Block SK10 of the Layang oil/gas field in Malaysia. In November 2017, we acquired an interest to the Beryl gas field, located in the same block, which has been previously discovered but yet to be developed. By utilizing the existing facilities at the Helang gas field, the development of the Beryl gas field can be achieved at low cost, in a shortened timeframe, and is scheduled to begin production from November 2018. Natural gas produced in both fields will be liquefied by the plants owned by Malaysia LNG Tiga Sdn Bhd, in which JXTG Nippon Oil & Energy Corporation has an investment stake. Liquefied gas is expected to be sold to consumers in both Japan and China, among others.

- **CO2-EOR Project in the United States**

In the United States, we are promoting the CO2-EOR project in order to increase crude oil production by capturing carbon dioxide out of waste gas from coal combustion of thermal power plants and injecting carbon dioxide into an aged oil field. By the end of February 2018, the amount of CO2 captured in the West Ranch oil field in Texas reached over 1.2 million tons, and we continue to be committed to reducing the impact of gas emission on the environment while also increasing the production of oil at the same time.



Offshore facilities of Layang
oil/gas field in Malaysia



CO2-EOR Project, the WA Parish Generating
Station in the United States

Metals Business



Results of the Metals Business

| Item | This fiscal year (8th fiscal term) | Previous fiscal year (7th fiscal term) | Change from the previous fiscal year |
|--|--|---|--|
| Net sales | 968.4 billion yen | 871.8 billion yen | 96.6 billion yen |
| Operating income or (loss) [Operating income or (loss) excluding inventory valuation factors] | (60.3) billion yen [(62.2) billion yen] | 28.7 billion yen [23.0 billion yen] | (89.0) billion yen [(85.2) billion yen] |

Business Summary

- **Efforts in the copper resources development business and the smelting and refining business**

In the Caserones copper mine in Chile, costs increased in connection with environmental measures and bad weather in the winter, and discovery of another geological fault in the digging area, and we therefore revised the long terms production plan. In the asset value reappraisal of the mine conducted in connection with this, we booked an impairment loss of 128.6 billion yen. In order to resolve these issues flexibly, in May 2018, we established an organization to centrally manage the Caserones project.

In addition to expecting synergies in conjunction with the smelting & refining business, in order to focus management resources on superior interests, we also made the additional acquisition of the Los Pelambres copper mine in Chili, which produces high-purity ore, and divested our interests in the Collahuasi copper mine.

In the smelting & refining business, we strived to strengthen our competitiveness through large-scale modifications at Saganoseki Smelter & Refinery, including installing a new flash furnace for melting copper concentrates for the first time in 44 years.

- **Efforts in the electronic materials business**

In the electronic materials business, we maintained a high level of sales from the previous fiscal year for sputtering targets, treated rolled copper, and precision rolled products. Furthermore, in response to the anticipated increase in demand for electronic materials in the future, we increased Kurami Works's production capacity for rolled copper foil, and put the surface treatment equipment at Hitachi Works back into operation.

- **Efforts in the recycling and environmental services business**

In the recycling and environmental services business, we continued efforts to expand our domestic and overseas networks to collect recyclable raw materials and industrial waste. In addition, we promoted the development of technologies for recovering lithium and cobalt, etc. from waste Li-ion batteries in Tsuruga Plant.

- **Efforts in the titanium business**

In the titanium business, the construction of a titanium sponge production plant in a joint venture in Saudi Arabia was completed in May 2017, and commercial production is scheduled to commence in 2018.

Furthermore, in order to increase production capacity for nickel powder to meet the increased demand due to electronic devices becoming increasingly sophisticated, the increased use of electronic components in

vehicles, and the evolution of IoT, among other things, we constructed a new production plant in Wakamatsu Plant in December 2017.

- **Efforts promoting technology-based business**

In February 2018, we decided to purchase all shares of the German company H.C. Starck Tantalum and Niobium GmbH, which develops, manufactures, and sells tantalum and niobium products (high purity metal powders), in order to expand our downstream businesses, focusing mainly on electronic materials business, strengthen research and development function and expand our sales network in Europe and the United States.



Smelting and refining process
(Saganoseki Smelter & Refinery)



Waste Li-ion battery recycling
trial plant (Tsuruga Plant)



Results for Other Business

| Item | This fiscal year (8th fiscal term) | Previous fiscal year (7th fiscal term) | Change from the previous fiscal year |
|------------------|---------------------------------------|---|---|
| Net sales | 543.8 billion yen | 484.6 billion yen | 59.2 billion yen |
| Operating income | 42.6 billion yen | 45.8 billion yen | (3.2) billion yen |

(Note) Figures above indicate a total of results of the group companies which engage in land transportation, real-estate lease, financing, etc. as well as NIPPO CORPORATION.

NIPPO CORPORATION

NIPPO Corporation (“NIPPO”) primarily engages in pavement, civil engineering, and construction work, as well as manufacturing and sales of asphalt mixture. In this fiscal year, despite steady gains in capital investment and public expenditure, the operating environment of NIPPO remained severe, due to factors such as increases in labor costs and material prices. Under these operating conditions, NIPPO strived to acquire orders for work by leveraging its superior technological strength. Further, NIPPO did its best to secure income by reducing costs and increasing efficiency.

However, NIPPO received a cease and desist order and an administrative surcharge payment order from the Japan Fair Trade Commission on March 28, 2018 for violation of the Antimonopoly Act in the bid for the

order for paving work issued by the Tokyo Metropolitan Government, Tokyo Port Terminal Corporation and Narita International Airport Corporation. In order to prevent the issue from reoccurring, NIPPO has undertaken Antimonopoly Act compliance initiatives, including revising all types of internal regulations and manuals, etc., taking measures to ensure that sales representatives are thoroughly familiarized with the details thereof, and implementing continuous and systematic monitoring by the internal audit division. The Company will provide support to NIPPO in these endeavors to ensure future compliance.

C. Summary of Consolidated Business Results of This Fiscal Year

Under the policy of “management that focuses on cash flows and capital efficiency” in the Medium-Term Management Plan, the Company and its core operating companies promoted the sales of property proactively in order to improve financial base and to optimize the business portfolio, in addition to implementing various measures for each business.

The consolidated business results for this fiscal year resulted in net sales of 10,301.1 billion yen (an increase of 3,276.0 billion yen from the previous fiscal year). Regarding the profits and losses, we recorded an operating income of 487.5 billion yen (an increase of 216.4 billion yen from the previous fiscal year) and income attributable to owners of parent of 361.9 billion yen (an increase of 211.9 billion yen from the previous fiscal year). Further, we recorded an operating income excluding inventory valuation factors of 372.6 billion yen (an increase of 231.5 billion yen from the previous fiscal year).

[Reference] The Medium-Term Management Plan (FY 2017 – FY 2019)

Basic Policy

JXTG Group will promote “management that focuses on cash flows and capital efficiency” in order to establish a profit basis and a financial basis adaptable to a changing business environment.

1. Enhancing profitability of core business
 - Thorough business transformation centered on energy business
 - Maximizing and realizing at an early date synergies of business integration

2. Focusing on cash flows and capital efficiency
 - Optimizing business portfolio
 - Developing and strengthening businesses that will be mainstays of the future
3. Strengthening business foundation
(e.g., Development of management control system, fostering human resources)

Measures To Be Taken

1. Enhancing Profitability of Core Businesses

| Energy | Oil and Natural Gas E&P | Metals |
|--|--|--|
| <ul style="list-style-type: none"> • Establishing safe, stable and efficient operating system • Maximizing and realizing at an early date integration synergies (100.0 billion yen in FY 2019) • Strengthening international competitiveness through thorough streamlining of core businesses | <ul style="list-style-type: none"> • Thorough selection and concentration • Ensuring our advantages in identified regions and technologies | <ul style="list-style-type: none"> • Improving profitability of Caserones Copper Mine • Strategically developing electronic materials business |

2. Focusing on Cash Flows and Capital Efficiency
 - Improving financial base and enhancing shareholder returns by creating cash flow
 - Optimizing business portfolio
 - JXTG Group will reduce investment in upstream businesses and prioritize investment in mid and downstream business and growth business
 - Developing and strengthening business that will be mainstays of the future taking advantage of our strengths
 - Overseas business operation / electricity and gas businesses / technology-based businesses

3. Strengthening Business Foundation

(e.g., Development of management control system, fostering human resources)

- Innovating the business process focused on arrival of the IoT society
 - Utilizing the latest enterprise-wide core IT system (ERP system)
- Improving the internal control system and enhancing its operation
 - Introducing internal control methods based on global standards
- Fostering human resources
 - Fostering human resources who will realize the improvement of mid- to long-term corporate value
- Promoting CSR management aiming for “compatibility between economic value and social value”
 - Strengthening efforts for ESG (environment, society and governance)

Management Targets

| | Management Target (IFRS) | FY 2017 Results (reference) |
|--|--|--------------------------------|
| Operating income (excluding inventory impact) | FY 2017: 350.0 billion yen FY 2018: 400.0 billion yen FY 2019: 500.0 billion yen | 372.6 billion yen |
| Free cash flow | 500.0 billion yen (cumulative amount in FY 2017 – FY 2019) | 612.0 billion yen |
| Net D/E ratio | 0.7 times or lower (capital total basis) | 0.62 times |
| ROE | 10% or more | 15.2 % |

Key Factors (FY2017→FY2019)

Exchange rate: 110 yen/\$

Crude price 50→60 \$/bbl

Copper price: 250→270 ¢/lb

D. Efforts for ESG (Environment, Social, and Governance)

● Promotion on ESG

In April 2017, JXTG Group set forth the JXTG Group Philosophy as the basis of all of our business activities, as well as the JXTG Group Code of Conduct as the specific standards to be put into practice to realize our philosophy.

Based on the code of conduct, we determined the following eight ESG Focus Area – High Ethical Standards; Compliance; Safety and Environment; Human Rights; Human Resource Development; Health; Quality; and Social Contribution. In order to promote activities in these areas, we established an across-the-Group ESG promotion system centered on the JXTG Group CSR Council, chaired by the Company president. Our efforts are in line with the Sustainable Development Goals (SDGs) adopted at the UN Summit in September 2015 and will be proactively promoted.

JXTG Group Philosophy

[Mission]

Harnessing the Earth's power
for the common good and for the day-to-day life of each individual,
we will contribute to the development of our communities
and help to ensure a vibrant future
through creation and innovation in energy, resources, and materials.

[Our Five Core Values]

As a member of
the community

High ethical standards

Based on our core principles of integrity and fairness, we conduct all of our business activities in accordance with our high ethical standards.

Health, safety, and environment

We give the highest priority to health, safety and environmental initiatives, which are vital to the well-being of all living things.

Supporting
day-to-day life

Focus on customers

We strive to meet the expectations and evolving needs of our valued customers and of society as a whole through the stable provision of products and services while creating new value as only we can.

For
a vibrant future

Taking on challenges

Taking changes in stride, we rise to the challenge of creating new value while seeking innovative solutions for today and tomorrow.

Moving Forward

Looking to the future, we continue to grow, both as individuals and as a company, through the personal and professional development of each and every employee.

● Specific initiatives

Environment

In order to realize its aims of “contributing to the development of a low-carbon society” and “contributing to the development of a recycling-orientated society,” we endeavored to reduce the volume of CO2 emission through including energy conservation measures taken at such sites as refineries and smelters and refineries, and the promotion of the sale and development of environmentally friendly products. In addition, we worked to reduce our waste-to-landfill ratio by ensuring that waste is thoroughly reused and sorted.

In November 2017, JXTG Group established environmental targets as follows:

<JXTG Group Environmental Targets>

1. Reduction of CO2 emissions along the entire supply chain (as compared with fiscal year 2009)
 - Fiscal year 2019 target: Reduction of 2.72 million tons
 - Fiscal year 2030 target: Reduction of 4.08 million tons
2. Waste-to-landfill ratio
 - Maintain zero emissions (waste-to-landfill ratio of less than 1%)

Society

Each group company conducted human rights education activities for all of their employees, and has undertaken initiatives such as providing training programs adapted to the aptitude of each individual employee and initiatives to maintain and improve the health of employees. In February 2018, we were recognized under the “2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500),” which was organized by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenkou Kaigi (Japan Health Conference).

In addition, each group company defines its own quality management policies according to the nature of its business, and, at each work site, conducted thorough activities to prevent quality complaints and problems before they happen, in order to continue to provide high quality, reliable products and services that satisfy our customers.

We worked to build relationships of trust with local communities and to support the nurturing of the next generation, by means including sponsoring events of the communities where we operate in Japan and overseas and presenting the JXTG Children's Story Award, and the JXTG Children's Culture Award and Music Awards.

Governance

In accordance with the Basic Policy on Corporate Governance of JXTG Group, the Company conducted surveys and interviews of the Company's directors and corporate auditors (including outside directors and outside corporate auditors) from November to December 2017 using an independent consultant, in order to assess the effectiveness of the Company's Board of Directors.

The results of surveys and content of interviews were analyzed, and it was evaluated that there had been improvement in matters such as the provision of information to outside directors and outside corporate auditors, which was previously raised as an issue. Overall, it was assessed that the Board of Directors functioned effectively. In addition, directors and corporate auditors rated favorably the initiatives to improve operation of the Board of Directors, such as ensuring time for deliberation that were implemented beginning in January 2017.

By contrast, as matters such as the roles of the Company and core operating companies and strengthening of the monitoring function of the Board of Directors, continue to be cited as issues, we will undertake further improvement initiatives going forward.

(3) Matters the Company should address

Taking a view of the business environment, the global economy, predominantly the United States and China, is expected to continue to recover. Furthermore, the Japanese economy is expected to continue to grow slowly, driven by capital expenditures and private consumption, with improvements in corporate earnings and the employment and income environment, etc.

The crude oil price is expected to continue to steadily grow despite the downward pressure exerted by increased U.S. shale oil production, because the supply and demand balance is improved by the growing demand in China and other emerging nations, backed by the performance of the global economy. Additionally, while demand for copper is growing, mainly in emerging nations, the lack of growth on the supply side due to a lack of growth in the development of new copper mines means that copper prices are expected to grow steadily.

Domestic demand for petroleum products will continue to decline due to such structural factors as the spread of fuel-efficient cars and the advancement of fuel conversion. By contrast, in the emerging economies in Asia, the demand for petroleum products, lubricants and petrochemical products is expected to increase continuously along with economic growth.

With regard to copper products, the demand is anticipated to continue to rise because of the growth in infrastructure investment, predominantly in emerging nations in Asia, as well as the progress of the IoT, and the spread and growth of AI.

Based on this understanding, the Company intends to promote “management that focuses on cash flows and capital efficiency” by allocating appropriate management resources to each business, and plans to achieve the Medium-Term Management Plan. Furthermore, in each of the areas of environment, society and governance, we aim to promote efforts in ESG by identifying foremost priority areas for JXTG Group including establishing a low carbon society, ensuring safety and thorough compliance and setting targets and managing their progress.

The major initiatives being carried out by each business are as follows.

- **Energy Business**

In the petroleum refining and marketing and petrochemical products business, we will continue to promote the improvement of efficiency of the entire supply chain with the aim of achieving, and maximizing, integration synergy early on.

Furthermore, in order to develop and expand businesses that will be mainstays of the future, in the electricity business we will aim to expand sales of electricity to industrial, business, and household customers, and study and promote the development and utilization of renewable energy power source that have a minimal environmental impact. In the gas business, we will concentrate on expanding gas sales to household customers, and examine initiatives where we can leverage synergies with other products by selling them in combination with electricity. In the hydrogen business, we will strive to reduce the cost of constructing and operating hydrogen fueling stations, and strengthen the operating fundamentals. In overseas business, we will promote the establishment of a joint operation with Vietnam National Petroleum Group in Marifu Refinery in order to secure a stable customer for petroleum products in Asia. Furthermore, in the lubricants and high-performance materials businesses, which are positioned as technology-based businesses, we will expand sales both in Japan and internationally, promote the development, and introduction into the market, of high value added products, and develop stable businesses that generate high revenues.

- **Oil and Natural Gas Exploration and Production (E&P) Business**

For projects in the production stage, we will prioritize safe and stable operation while further reducing operating costs. With respect to projects such as Malaysia Block SK10 and the Papua New Guinea LNG Project, we will work to maximize enterprise value through further development.

In projects such as the Indonesia Tangguh LNG project, UK North Sea Mariner field and Culzean gas field projects, we will move forward with preparations for the start of production.

In order to acquire new projects that will be mainstays of our future business, we will also continue to promote revision of our asset portfolio through selection and concentration, and will preferentially allocate business resources to regions such as Southeast Asia and the Middle East where we have expertise. In addition, we will aim to acquire new projects by utilizing the CO₂-EOR technology.

- **Metals Business**

In the resource development business, we will position improvement of cash flows at the Caserones copper mine in Chile as a top priority, striving to implement a thorough production plan accounting for factors such as geological faults, and work to strengthen competitiveness through further productivity growth and cost reduction.

In the smelting and refining business, we will consolidate business resources in Saganoseki Smelter & Refinery, which has undergone large-scale modifications, and we will aim to improve production efficiency and profitability while maintaining safe and stable operations.

In the electronic materials business, because further growth in demand is anticipated, we will augment production facilities, continue product development and market development, and work to expand the product lines with top share in the global market. In response to changes in the product market, we will continue to study business expansion strategies, including M&A, work to develop new technologies, including collaborating with various other metal business companies such as H.C. Starck Tantalum and Niobium GmbH, and search for and develop businesses that will serve as revenue sources of the future.

In the recycling and environmental services business, we will work to expand and stabilize collection of high-quality materials from overseas, and undertake initiatives to improve production efficiency. In addition, as electric vehicles are expected to become more widespread in future, we will strive to improve technologies for recycling waste Li-ion batteries, and promote initiatives to commercialize such technology.

In the titanium business, we will make efforts to drastically reduce costs and expand sales, as well as targeting the prompt launch of our sponge titanium manufacturing joint business in Saudi Arabia.

JXTG Group will develop into one of the most prominent and internationally-competitive comprehensive energy, natural resource and materials company groups in Asia by implementing the Medium-Term Management Plan steadily so as to achieve sustainable increase in its corporate value.

We greatly appreciate your continued support as a shareholder.

(4) Financing

The Company primarily procures the long-term funds for the business of each company in JXTG Group.

During this fiscal year, JXTG Group procured 20.0 billion yen through issuance of corporate bonds and 180.0 billion yen through long-term loans.

(5) Capital Investment

| Business Segment and Category | Capital Investment Amount (100 million yen) | Main Investment |
|----------------------------------|--|--|
| Energy Business | 1,642 | Refinery and plant facility work; service station new construction and reconstruction work |
| Oil and Natural Gas E&P Business | 675 | Oil and gas field exploration and development |
| Metals Business | 430 | Construction work for copper mines, offices, smelters & refineries, and plant facilities |
| Other Business | 157 | Asphalt mixture plant manufacturing facility renewal |
| Total | 2,904 | — |
| (Adjustments) | (53) | — |
| Consolidated Total | 2,957 | — |

(6) Acquisition or Disposition of Shares, etc. of Other Companies

- **Acquisition of additional shares of Nippon LP Resources B.V. and share transfer of Japan Collahuasi Resources B.V.**

On March 22, 2018, JX Nippon Mining & Metals Corporation acquired an additional 3.1% of shares of Nippon LP Resources B.V., which holds a 25% interest in the Los Pelambres copper mine and transferred 30% of shares of Japan Collahuasi Resources B.V., which holds a 12% interest in the Collahuasi copper mine, in an effort to focus management resources on superior interests in addition to expecting synergies in conjunction with the smelting & refining business.

(7) Financial Position and Operating Results

- **Financial Position and Operating Results based on International Financial Reporting Standards (IFRS)**

| Consolidated Fiscal Year | | FY2015 (6th fiscal term) | FY2016 (7th fiscal term) | FY2017 (8th fiscal term; the current fiscal term) |
|--|-------------------|-----------------------------|-----------------------------|---|
| Item | | | | |
| Net sales | (100 million yen) | 75,309 | 70,251 | 103,011 |
| Operating income (loss) | (100 million yen) | (3,507) | 2,711 | 4,875 |
| Net profit (loss) attributable to owners of parent | (100 million yen) | (2,736) | 1,500 | 3,619 |
| Basic profit (loss) per share | | (110.04) yen | 60.33 yen | 105.92 yen |
| Total assets | (100 million yen) | 68,285 | 67,929 | 84,576 |
| Total equity | (100 million yen) | 20,280 | 21,403 | 29,200 |

(Note) Figures for the 6th fiscal term and the 7th fiscal term are provided for reference only.

- **Financial Position and Operating Results based on Japanese Accounting Standards**

| Consolidated Fiscal Year | | FY2014 (5th fiscal term) | FY2015 (6th fiscal term) | FY2016 (7th fiscal term) |
|--|-------------------|-----------------------------|-----------------------------|-----------------------------|
| Item | | | | |
| Net sales | (100 million yen) | 108,825 | 87,378 | 81,360 |
| Ordinary income (loss) | (100 million yen) | (1,501) | (86) | 3,336 |
| Net profit (loss) attributable to owners of parent | (100 million yen) | (2,772) | (2,785) | 1,601 |
| Net income (loss) per share | | (111.49) yen | (112.01) yen | 64.38 yen |
| Total assets | (100 million yen) | 74,234 | 67,246 | 66,586 |
| Net assets | (100 million yen) | 24,298 | 19,285 | 20,417 |

(8) Material Subsidiaries (as of March 31, 2018)

- Number of subsidiaries: 538
- Number of subsidiaries or affiliates accounted for under the equity method: 177
- Material subsidiaries

| Business Segment | Company Name | Capital stock (100 million yen) | Voting Rights Ratio (%) | Details of Major Business Activities |
|----------------------------------|---|---------------------------------|-------------------------|--|
| Energy Business | JXTG Nippon Oil & Energy Corporation | 300 | 100 | <ul style="list-style-type: none"> - Manufacturing and marketing petroleum products (e.g., gasoline, kerosene, and lubricant) - Importing and marketing gas and coal - Manufacturing and marketing petrochemical products - Sale of electricity |
| Oil and Natural Gas E&P Business | JX Nippon Oil & Gas Exploration Corporation | 98 | 100 | <ul style="list-style-type: none"> - Exploring, developing, and producing oil and natural gas |
| Metals Business | JX Nippon Mining & Metals Corporation | 750 | 100 | <ul style="list-style-type: none"> - Exploring and developing non-ferrous metal resources (e.g., copper and gold) - Manufacturing and marketing non-ferrous metal products (e.g., copper, gold, and silver) - Manufacturing and marketing electro-deposited copper foil and treated rolled copper foil - Manufacturing and marketing thin-film materials (e.g., targets, surface treatment material, and compound semiconductor material) - Manufacturing and marketing precision rolled products and precision fabricated products - Non-ferrous metal recycling and industrial waste treatment |
| | Pan Pacific Copper Co., Ltd. | 1,057 | 67.8 | <ul style="list-style-type: none"> - Exploring and developing non-ferrous metal resources (e.g., copper and gold) - Manufacturing and marketing non-ferrous metal products (e.g., copper, gold, and silver) |
| | Toho Titanium Co., Ltd. | 120 | 50.4 | <ul style="list-style-type: none"> - Manufacturing, processing, and marketing titanium metals |
| Other Business | NIPPO CORPORATION | 153 | 57.0 | <ul style="list-style-type: none"> - Civil engineering work, including roadwork and pavement construction - Construction work |

(Notes)

1. JX Nippon Mining & Metals Corporation increased its capital stock from 20.0 billion yen to 75.0 billion yen as of March 29, 2018.
2. The voting rights ratio mentioned in the column for Pan Pacific Copper Co., Ltd. is that held by JX Nippon Mining & Metals Corporation, which invests in Pan Pacific Copper Co., Ltd.
3. The status of specified wholly-owned subsidiaries as of March 31, 2018 is as follows:
 Name of the specified wholly-owned subsidiary: JXTG Nippon Oil & Energy Corporation
 Address of the specified wholly-owned subsidiary: 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
 Book value of shares of the specified wholly-owned subsidiary: 1,397,931 million yen
 The amount of total assets of the Company: 3,862,464 million yen

(9) Main Business Offices and Plants (as of March 31, 2018)

● JXTG Holdings, Inc.

| | |
|-------------|--|
| Head Office | 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo |
|-------------|--|

● Energy Business

< JXTG Nippon Oil & Energy Corporation >

| | | |
|--------------------------|--|--|
| Head Office | 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo | |
| Laboratory | Central Technical Research Laboratory (Yokohama City) | |
| Refineries and Plants | Sendai Refinery (Sendai City) | Kashima Refinery (Kamisu City) |
| | Chiba Refinery (Ichihara City) | Kawasaki Refinery (Kawasaki City) |
| | Negishi Refinery (Yokohama City) | Sakai Refinery (Sakai City) |
| | Osaka Refinery (Takaishi City) | Wakayama Refinery (Arida City) |
| | Mizushima Refinery (Kurashiki City) | Marifu Refinery (Waki-cho, Kuga-gun, Yamaguchi) |
| | Oita Refinery (Oita City) | |
| | Muroran Plant (Muroran City) Yokohama Plant (Yokohama City) | Kawasaki Plant (Kawasaki City) Chita Plant (Chita City) |
| Branch Offices | Hokkaido (Sapporo City) | Tohoku (Sendai City) |
| | Kanto I (Chuo-ku, Tokyo) | Kanto II (Chuo-ku, Tokyo) |
| | Kanto III (Minato-ku, Tokyo) | Tokyo (Chuo-ku, Tokyo) |
| | Chubu (Nagoya City) | Osaka I (Osaka City) |
| | Osaka II (Osaka City) | Chugoku (Hiroshima City) |
| | Kyushu (Fukuoka City) | Okinawa (Naha City) |

| | | |
|--|--|---------------------------------------|
| Overseas Operating Sites Offices and Plants | South Korea (Seoul) | China (Beijing, Shanghai, and others) |
| | Taiwan (Taipei and Gaoxiong) | Australia (Sydney) |
| | Vietnam (Hanoi and Hai Phong) | Thailand (Bangkok) |
| | Singapore (Singapore) | Indonesia (Jakarta and West Java) |
| | Philippines (Manila) | Malaysia (Kuala Lumpur) |
| | India (New Delhi) | U.S. (New York, Chicago, and others) |
| | Canada (Vancouver and Toronto) | Mexico (Mexico City) |
| | Brazil (Sao Paulo) | France (Aix-en-Provence) |
| | Italy (Milan) | U.K. (London) |
| | Spain (Seville) | Russia (Moscow) |
| | United Arab Emirates (Abu Dhabi and Dubai) | Qatar (Doha) |
| | South Africa (Johannesburg) | |

(Notes)

1. The information above includes the operating sites of JXTG Nippon Oil & Energy Corporation's group companies.
2. The company established a new office in Kuala Lumpur, Malaysia as of April 1, 2017.
3. The company closed its office in Doha, Qatar, as of April 30, 2018.

● **Oil and Natural Gas Exploration and Production Business**

<JX Nippon Oil & Gas Exploration Corporation

| | | |
|------------------------------------|---|---|
| Head Office | 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo | |
| Oil and Gas Field | Nakajo Field Office (Tainai City) | |
| Overseas Operating Sites (Offices) | Vietnam (Ho Chi Minh and Vung Tau) Malaysia (Kuala Lumpur and Miri) U.K. (London) Qatar (Doha) | Indonesia (Jakarta) U.S. (Houston) United Arab Emirates (Abu Dhabi) |

(Notes)

1. The information above includes the operating sites of JX Nippon Oil & Gas Exploration Corporation's group companies.
2. The company established a new office in Abu Dhabi, United Arab Emirates as of November 1, 2017.
3. The company closed its office in Doha, Qatar as of March 31, 2018.
4. The company established a new office in Brisbane, Australia as of April 1, 2018.

- **Metals Business**

<JX Nippon Mining & Metals Corporation>

| | | |
|---|---|--|
| Head Office | 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo | |
| Laboratory | Technology Development Center (Hitachi City) | |
| Offices, Smelters, and Works | <Smelting and Copper Refining> Saganoseki Smelter & Refinery (Oita City) Tamano Smelter (Tamano City) | Hitachi Works (Hitachi City) |
| | <Recycling & Environmental Services> Hitachi Works (Hitachi City) | Tsuruga Plant (Tsuruga City) |
| | <Electronic Materials> Hitachi Works (Hitachi City) Isohara Works (Kitaibaraki City) | Kurami Works (Samukawa-machi, Koza-gun, Kanagawa) Kakegawa Works (Kakegawa City) |
| Overseas Operating Sites (Offices, Works, and Mines) | South Korea (Ulsan and Pyeongtaek) Taiwan (Longtan, Guan Yin, and others) Philippines (Laguna) U.S. (Arizona) Peru (Lima and Quechua) | China (Suzhou, Changzhou, and others) Singapore (Singapore) Malaysia (Johor) Chile (Santiago, Caserones, and others) Germany (Frankfurt and Baden-Wuerttemberg) |

(Note) The information above includes the operating sites of JX Nippon Mining & Metals Corporation's group companies.

<Toho Titanium Co., Ltd.>

| | | |
|-------------|--|---|
| Head Office | 3-5, Chigasaki 3-chome, Chigasaki City, Kanagawa | |
| Plants | Chigasaki Plant (Chigasaki City) Yahata Plant (Kitakyushu City) Kurobe Plant (Kurobe City) | Wakamatsu Plant (Kitakyushu City) Hitachi Plant (Hitachi City) |

- **Other Business**

<NIPPO CORPORATION>

| | | |
|-------------------|--|---|
| Head Office | 2-16, Yaesu 1-chome, Chuo-ku, Tokyo | |
| Laboratory | NIPPO Technical Center, Technical Research Center (Saitama City) | |
| Branch Offices | Hokkaido (Sapporo City) Kanto Daiichi (Shinjuku-ku, Tokyo) Hoku-shinetsu (Niigata City) Kansai (Osaka City) Chugoku (Hiroshima City) Kanto Architectural (Shinagawa-ku, Tokyo) | Tohoku (Sendai City) Kanto Daini (Shinagawa-ku, Tokyo) Chubu (Nagoya City) Shikoku (Takamatsu City) Kyushu (Fukuoka City) |

(10) Employees (as of March 31, 2018)

| Business Segment and Category | Number of Employees | |
|-----------------------------------|---------------------|----------|
| The Company (JXTG Holdings, Inc.) | 160 | [0] |
| Energy Business | 22,798 | [13,184] |
| Oil and Natural Gas E&P Business | 783 | [55] |
| Metals Business | 8,539 | [511] |
| Other Business | 7,504 | [1,422] |
| Total | 39,784 | [15,172] |

(Notes)

1. The figures above include the number of employees for the Company as well as its subsidiaries.
2. The numbers in brackets indicate the number of temporary employees (the number of employees excluded from the non-bracketed number, the annual average number of employees).

(11) Main Lenders and Loans Payable (as of March 31, 2018)

| Lender | Balance of Loans Payable (100 million yen) |
|--|---|
| Mizuho Bank, Ltd. | 3,104 |
| Sumitomo Mitsui Banking Corporation | 2,194 |
| Japan Bank for International Cooperation | 2,150 |
| Sumitomo Mitsui Trust Bank, Limited | 1,986 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,892 |
| The Japan Oil, Gas and Metals National Corporation | 1,732 |

(Note) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its trade name to MUFG Bank, Ltd. as of April 1, 2018.

2. Matters Concerning Shares (as of March 31, 2018)

- **Total number of authorized shares issuable by the Company:** 8,000,000,000 shares
- **Total number of issued shares:** 3,426,916,549 shares
- **Number of shareholders:** 208,336 shareholders
- **Large Shareholders (top ten (10))**

| Shareholders' Names | Number of Shares Held (thousand shares) | Shareholding Ratio (%) |
|--|---|------------------------|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 291,010 | 8.50 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 195,845 | 5.72 |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 75,813 | 2.21 |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 60,988 | 1.78 |
| STATE STREET BANK WEST CLIENT – TREATY 505234 | 60,481 | 1.76 |
| Japan Trustee Services Bank, Ltd. (Trust Account 1) | 45,221 | 1.32 |
| Japan Trustee Services Bank, Ltd. (Trust Account 2) | 44,733 | 1.30 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 43,263 | 1.26 |
| JP MORGAN CHASE BANK 385151 | 42,857 | 1.25 |
| Mizuho Bank, Ltd | 40,998 | 1.19 |

(Note) Shareholding ratio is calculated excluding treasury stock (5,775,910 shares) from the total number of issued shares. Shares of treasury stock related to share remuneration (1,255,800 shares), which was purchased through a trust established by the Company, is not included in the treasury stock.

3. Matters Concerning the Company's Directors and Corporate Auditors

(1) Names, etc. of Directors and Corporate Auditors (as of March 31, 2018)

| Name | Position and Responsibilities | Important Concurrent Office |
|------------------|---|---|
| Yasushi Kimura | Representative Director, Chairman of the Board | President of Petroleum Association of Japan Vice Chairman of KEIDANREN (Japan Business Federation) |
| Yukio Uchida | Representative Director, President | |
| Jun Mutoh | Representative Director, Executive Vice President, assistant to President | |
| Junichi Kawada | Director, Executive Vice President, assistant to President | Director of NIPPO CORPORATION |
| Yasushi Onoda | Director, Senior Vice President, responsible for Corporate Planning Dept., Business Development Dept., and IT Planning & Development Dept. | |
| Hiroji Adachi | Director, Senior Vice President, responsible for Internal Control Dept., Corporate Transformation Dept., and Human Resources Dept. | |
| Satoshi Taguchi | Director, Senior Vice President, responsible for Secretariat, General Administration Dept., and Legal & Corporate Affairs Dept. | |
| Katsuyuki Ota | Director, Senior Vice President, responsible for Internal Audit Dept., Controller Dept., and Finance & Investor Relations Dept. | Outside Statutory Corporate Auditor of NIPPON SHOKUBAI CO., LTD. |
| Tsutomu Sugimori | Director (Part-time) | Representative Director, President of JXTG Nippon Oil & Energy Corporation Director of Japan Oil Transportation Co., Ltd. |
| Takashi Hirose | Director (Part-time) | Representative Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation |
| Shunsaku Miyake | Director (Part-time) | Representative Director, President and CEO of JX Nippon Oil & Gas Exploration Corporation |

| | | |
|--------------------|--|--|
| Shigeru Oi | Director (Part-time) | President & Representative Director, Chief Executive Officer of JX Nippon Mining & Metals Corporation |
| Hiroko Ota | Outside Director [Independent Director] | Professor at the National Graduate Institute for Policy Studies Outside Director of Panasonic Corporation Outside Director of Mizuho Financial Group, Inc. |
| Mutsutake Otsuka | Outside Director [Independent Director] | Advisor of East Japan Railway Company Outside Corporate Auditor of Electric Power Development Co., Ltd Outside Director of NIPPON STEEL & SUMITOMO METAL CORPORATION |
| Seiichi Kondo | Outside Director [Independent Director] | Director, Kondo Institute for Culture & Diplomacy Outside Director of KAGOME CO., LTD. |
| Yoshiiku Miyata | Outside Director [Independent Director] | Outside Director of Kobe Steel, Ltd. (Audit & Supervisory Committee Member) |
| Takashi Setogawa | Full-time Corporate Auditor | |
| Yuji Nakajima | Full-time Corporate Auditor | |
| Yoji Kuwano | Full-time Corporate Auditor | |
| Naomi Ushio | Outside Corporate Auditor [Independent Corporate Auditor] | Vice President, Professor at the School of Information and Communication of Meiji University Outside Audit & Supervisory Board Member of Seven Bank, Ltd. Outside Director of POLA ORBIS HOLDINGS INC. |
| Nobuko Takahashi | Outside Corporate Auditor [Independent Corporate Auditor] | Freelance life and economy journalist Outside Audit & Supervisory Board Member of Japan Finance Corporation Outside Director of Aioi Nissay Dowa Insurance Co., Ltd. Outside Director of Nishi-Nippon Financial Holdings, Inc. (Audit & Supervisory Committee Member) |
| Seiichiro Nishioka | Outside Corporate Auditor [Independent Corporate Auditor] | Visiting Professor at Keio University Law School Attorney-at-Law, Of Counsel at Asahi Law Offices |

(Notes)

1. Mr. Jun Mutoh, Mr. Yasushi Onoda, Mr. Takashi Hirose and Mr. Yoshiiku Miyata assumed the office of Director on April 1, 2017 after having been newly elected at the Extraordinary Meeting of Shareholders held on December 21, 2016.
2. Mr. Yoji Kuwano and Ms. Nobuko Takahashi assumed the office of Corporate Auditor on April 1, 2017 after having been newly elected at the Extraordinary Meeting of Shareholders held on December 21, 2016.
3. Mr. Satoshi Taguchi assumed the office of Director after having been newly elected at the 7th ordinary general meeting of shareholders held on June 28, 2017.
4. Mr. Kunimitsu Oba, Mr. Takeshi Kurosaki and Mr. Hiroshi Komiyama retired as Director upon the expiration of their term of office at the conclusion of the 7th ordinary general meeting of shareholders held on June 28, 2017. In addition, Mr. Oba retired as Outside Statutory Corporate Auditor of NIPPON SHOKUBAI CO., LTD on June 21, 2017.
5. Mr. Yuji Nakajima assumed the office of Corporate Auditor after having been newly elected at the 7th ordinary general meeting of shareholders held on June 28, 2017.
6. Mr. Tadashi Ohmura and Mr. Toshinori Kanemoto retired as Corporate Auditor upon the expiration of their term of office at the conclusion of the 7th ordinary general meeting of shareholders held on June 28, 2017.
7. Mr. Yasushi Kimura, Representative Director, Chairman of the Board, retired from the Director position of NIPPO CORPORATION on June 23, 2017.
8. Mr. Junichi Kawada, Director, assumed the office of the Director of NIPPO CORPORATION on June 23, 2017.

9. Mr. Katsuyuki Ota, Director, assumed the office of the Outside Corporate Statutory Auditor of NIPPON SHOKUBAI CO., LTD. on June 21, 2017.
10. Mr. Takashi Hirose, Director, assumed the office of Representative Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation as of April 1, 2017.
11. Mr. Seiichi Kondo, Outside Director, retired from the Outside Director position of Pasona Group Inc. on August 18, 2017.
12. Ms. Naomi Ushio, Outside Corporate Auditor, assumed the office of Outside Director of POLA ORBIS HOLDINGS INC. on March 27, 2018.
13. Mr. Takashi Setogawa and Mr. Yuji Nakajima, Corporate Auditors, have experience working in the finance and internal controls sections of the Company and have considerable knowledge and insights regarding finance and accounting.
14. Mr. Yoji Kuwano, Corporate Auditor, has experience working as an Executive Officer in charge of accounting and internal audit of TonenGeneral Group and ExxonMobil Japan Group and has considerable knowledge and insights regarding finance and accounting.
15. The Company established a Public Relations Department and a Crisis Management Department as of April 1, 2018 and entrusted Mr. Satoshi Taguchi, Director, to oversee both departments.
16. Among the companies which are mentioned in the outside directors' and outside corporate auditors' Important Concurrent Office and in which they held office as outside directors or outside corporate auditors in the fiscal year 2017, Panasonic Corporation, Mizuho Financial Group, Inc., Electric Power Development Co., Ltd., NIPPON STEEL & SUMITOMO METAL CORPORATION, Pasona Group Inc., Kobe Steel, Ltd., and Aioi Nissay Dowa Insurance Co., Ltd. have deals with the Company or the Company's core operating companies. However, there is no impact on the independence of such outside directors and outside corporate auditors as they do not execute business of any of the companies above.
17. Each of the Outside Directors Ms. Hiroko Ota, Mr. Mutsutake Otsuka, Mr. Seiichi Kondo and Mr. Yoshiiku Miyata, and each of the Outside Corporate Auditors Ms. Naomi Ushio, Ms. Nobuko Takahashi and Mr. Seiichiro Nishioka meets the "Criteria to determine the independence of independent officers" of the Company which is set out on Page 35 of this Convocation Notice of the 8th ordinary general meeting of shareholders, and all are independent directors or independent corporate auditors based on the rules of each stock exchange in Tokyo and Nagoya on which the Company is listed.

(2) Remuneration for Directors and Corporate Auditors (for the fiscal year 2017)

| Receivers | Total Remuneration Amount (million yen) | Number of Receivers (persons) | Details of Remuneration | | | |
|---|---|-------------------------------|--|-------------------------------|----------------------------------|-------------------------------|
| | | | Monthly Remuneration and Bonus (million yen) | Number of Receivers (persons) | Share Remuneration (million yen) | Number of Receivers (persons) |
| Directors (Outside Directors) | 665 (60) | 19 (5) | 643 (60) | 19 (5) | 23 (—) | 8 (—) |
| Corporate Auditors (Outside Corporate Auditors) | 137 (33) | 8 (4) | 137 (33) | 8 (4) | — (—) | — (—) |
| Total (Outside Directors, and Outside Corporate Auditors) | 803 (93) | 27 (9) | 780 (93) | 27 (9) | 23 (—) | 8 (—) |

(Notes)

1. The information above includes the amount of remuneration for three (3) directors (of which one (1) is an outside director) and two (2) corporate auditors (of which one (1) is an outside corporate auditor) who retired upon the conclusion of the 7th ordinary general meeting of shareholders held on June 28, 2017.
2. The information above includes the amount of bonus for the fiscal year 2017 that is expected to be paid after the 8th ordinary general meeting of shareholders.
3. The amount of share remuneration indicated above is the number of points awarded to directors (excluding outside directors) during this fiscal year which is multiplied by the average cost per share of the Company purchased through the trust that the Company established.

(3) Matters Concerning Determination of Remunerations for Directors and Corporate Auditors

● Upper Limit of Remuneration for Directors and Corporate Auditors

| Category | Type | Upper Limit of Remuneration | Resolution at the General Meeting of Shareholders (GMS) |
|--------------------|----------------------------------|--|---|
| Directors | Monthly remuneration and bonuses | Less than 1,100 million yen in one (1) fiscal year (of which 200 million yen is allocated to Outside Directors) | The 1st ordinary GMS |
| | Share remuneration | In every three (3) fiscal years, <ul style="list-style-type: none"> • the upper limit the Company put in on reserve for trust: 600 million yen • the upper limit of the number of shares given to eligible persons: 1.2 million shares (1.2 million points) | The 7th ordinary GMS |
| Corporate Auditors | Monthly remuneration | No more than 200 million yen per one (1) fiscal year | The 1st ordinary GMS |

(Notes)

1. The upper limit of monthly remuneration and bonus for the Company's directors shall not include salaries and bonuses to be paid as an employee if a director serves concurrently as an employee.
2. Those eligible for share remuneration include executive officers but do not include outside directors and overseas residents.
3. Remuneration system of corporate auditor consists of a monthly salary from the perspective of independence of its duty, and the Company compensates corporate auditors within the limits set above through consultation among corporate auditors.

● Policies regarding Determination of the Calculation Method for the Remuneration for Directors and Corporate Auditors

| | |
|--|--|
| Directors (Excluding Outside Directors) | Consists of three (3) types of payments which include a monthly salary based on each director's role, bonus, the amount of which fluctuates based on the business results, and share remuneration linked to the value of the Company's shares. The remuneration system of Directors is a balanced arrangement that reflects both the business results of the relevant year and the value of shares in the medium to long-term. |
| Outside Directors | Consists of a monthly salary in view of the scope of their role as advisers and supervisors to management and to the supervisory function in general management through an independent and objective point of view. |

(Note) The above policy was resolved at the Board of Directors Meeting based on the deliberation and report of the Compensation Advisory Committee that is comprised of three (3) Outside Directors, three (3) Representative Directors and is chaired by an Outside Director.

(4) Matters Concerning Outside Directors and Outside Corporate Auditors

● Attendance at Board of Directors' Meetings

| Outside Directors | | Outside Corporate Auditors | |
|-------------------|--------------------|----------------------------|--------------------|
| Hiroko Ota | 15 out of 15 times | Naomi Ushio | 14 out of 15 times |
| Mutsutake Otsuka | 15 out of 15 times | Nobuko Takahashi | 15 out of 15 times |
| Seiichi Kondo | 14 out of 15 times | Seiichiro Nishioka | 15 out of 15 times |
| Yoshiiku Miyata | 14 out of 15 times | | |

● Attendance at Board of Corporate Auditors' Meetings

| Outside Corporate Auditors | |
|----------------------------|--------------------|
| Naomi Ushio | 16 out of 16 times |
| Nobuko Takahashi | 16 out of 16 times |
| Seiichiro Nishioka | 16 out of 16 times |

● Statements at Board of Directors' Meetings

At Board of Directors' meetings, each outside director and outside corporate auditor inquired about and stated his or her opinion on each matter to be resolved, such as important investments, and on each matter to be reported, such as the business execution status from an objective and fair stance by making use of his or her abundant expertise and experience.

● Statements at Board of Corporate Auditors' Meetings

At Board of Corporate Auditors' Meetings, each outside corporate auditor inquired about and stated his or her opinion on matters such as the businesses of the Company and the group companies, and the status of management control from the perspective of auditing the execution of duties by directors and employees.

● Other Activities

- (i) Mr. Mutsutake Otsuka, Mr. Seiichi Kondo, and Mr. Yoshiiku Miyata, Outside Directors, as a member of the Compensation Advisory Committee, deliberated on the executive compensation plan of the Company (introduction of a share compensation plan) in the meeting held on April 26, 2017, and also deliberated on the principles of the decisions made thereof and other matters regarding compensations of directors and executive officers in the meetings of the same committee held on May 19, 2017 and August 9, 2017. In addition, Mr. Mutsutake Otsuka and Mr. Seiichi Kondo deliberated on the executive compensation plan (a compensation plan for in the event of transitioning into a company with audit and supervisory committee) in the meeting of the Compensation Advisory Committee held on April 24, 2018.
- (ii) Mr. Mutsutake Otsuka, Ms. Hiroko Ota and Mr. Yoshiiku Miyata, Outside Directors, as members of the Nomination Advisory Committee, deliberated on the personnel proposals of candidates for director and corporate auditor of the Company in the meetings of the said committee held on April 26, 2017, September 26, 2017 and February 9, 2018. Mr. Mutsutake Otsuka and Ms. Hiroko Ota deliberated on the personnel proposals for candidates for directors who are not Audit and Supervisory Committee Members and candidates for

directors who are Audit and Supervisory Committee Members of the Company in the meeting of the Nomination Advisory Committee held on April 24, 2018.

- (iii) Meetings, which all of the outside directors and outside corporate auditors attend, were held on April 26, 2017, July 4, 2017, August 30, 2017, December 26, 2017 and February 27, 2018, and the outside directors and outside corporate auditors gathered information on the agenda items of the Board of Directors meetings and other matters regarding the management of JXTG Group, as well as exchanging their opinions with each other and shared their recognitions.

- **Outline of the Contents of the Liability Limitation Agreement**

- (i) The Company has, pursuant to Article 427, paragraph 1 of the Japanese Companies Act and Article 23 of the Articles of Incorporation of the Company, concluded with its four (4) outside directors an agreement (the liability limitation agreement) that limits the liability for damages which an outside director owes to the company under Article 423, paragraph 1 of the Japanese Companies Act, to the amount set forth in Article 425, paragraph 1 of the Japanese Companies Act (the amount equal to the outside director's Remunerations for two (2) years) if these outside directors are without knowledge and are not grossly negligent in conducting their duties.
- (ii) The Company has, pursuant to Article 427, paragraph 1 of the Japanese Companies Act and Article 33 of the Articles of Incorporation of the Company, concluded with its three (3) outside corporate auditors, an agreement (the liability limitation agreement) that limits the liability for damages which an outside corporate auditor owes to the company under Article 423, paragraph 1 of the Japanese Companies Act, to the amount set forth in Article 425, paragraph 1 of the Japanese Companies Act (the amount equal to the outside corporate auditor's Remunerations for two (2) years) if these outside corporate auditors are without knowledge and are not grossly negligent in conducting their duties.

4. Material Company Reorganization in Connection with Business Integration

- (i) The Company consummated a share exchange effective on April 1, 2017, under which the Company became the wholly-owning parent company and TonenGeneral Sekiyu K.K. became the wholly-owned subsidiary, and acquired all of the shares of TonenGeneral Sekiyu K.K.
- (ii) JXTG Nippon Oil & Energy Corporation, which is the Company's wholly-owned subsidiary, (its company name was changed from JX Nippon Oil & Energy Corporation on April 1, 2017) consummated an absorption-type merger effective on April 1, 2017, in which JXTG Nippon Oil & Energy Corporation was the surviving company and TonenGeneral Sekiyu K.K. was the absorbed company, and succeeded to all of the rights and obligations of TonenGeneral Sekiyu K.K.
- (iii) The Company consummated an absorption-type company split effective on April 1, 2017, under which the Company became the successor company and JXTG Nippon Oil & Energy Corporation became the splitting company, and the Company succeeded to some of the rights and obligations (such as listed shares, loans receivable, bonds and loans payable) that JXTG Nippon Oil & Energy Corporation succeeded to from TonenGeneral Sekiyu K.K.

End

~~~~~

(Note) Starting this fiscal year, the Company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The figures stated in this business report have been obtained by rounding off 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 fractions less than the unit indicated for each, and the ratios regarding shares have been obtained by omitting fractions less than the digit indicated for each.

## Consolidated Financial Statements

### Consolidated Statements of Financial Position (As of March 31, 2018)

(Millions of yen)

| Account title                                     | Amount           | Account title                                        | Amount           |
|---------------------------------------------------|------------------|------------------------------------------------------|------------------|
| (Assets)                                          |                  | (Liabilities)                                        |                  |
| <b>Current assets</b>                             | <b>3,593,181</b> | <b>Current liabilities</b>                           | <b>2,995,817</b> |
| Cash and cash equivalents                         | 447,355          | Trade and other payables                             | 1,910,002        |
| Trade and other receivables                       | 1,437,123        | Bounds and borrowings                                | 529,058          |
| Inventories                                       | 1,540,033        | Income taxes payable                                 | 71,448           |
| Other financial assets                            | 61,282           | Other financial liabilities                          | 14,387           |
| Other current assets                              | 98,733           | Provisions                                           | 20,240           |
| Sub total                                         | 3,584,526        | Other current liabilities                            | 449,911          |
| Assets held for sale                              | 8,655            | Sub total                                            | 2,995,046        |
|                                                   |                  | Liabilities directly related to assets held for sale | 771              |
| <b>Non-current assets</b>                         | <b>4,864,374</b> | <b>Non-current liabilities</b>                       | <b>2,541,763</b> |
| Property, plant and equipment                     | 3,327,400        | Bonds and borrowings                                 | 1,730,873        |
| Goodwill                                          | 177,216          | Liabilities for retirement benefits                  | 287,159          |
| Intangible assets                                 | 334,404          | Other financial liabilities                          | 24,379           |
| Investments accounted for using the equity method | 404,158          | Provisions                                           | 144,717          |
| Other financial assets                            | 482,346          | Other non-current liabilities                        | 110,980          |
| Other non-current assets                          | 6,915            | Deferred tax liabilities                             | 243,655          |
| Deferred tax assets                               | 131,935          |                                                      |                  |
|                                                   |                  | <b>Total liabilities</b>                             | <b>5,537,580</b> |
|                                                   |                  | (Equity)                                             |                  |
|                                                   |                  | Common stock                                         | 100,000          |
|                                                   |                  | Capital surplus                                      | 1,250,667        |
|                                                   |                  | Retained earnings                                    | 1,017,402        |
|                                                   |                  | Treasury stock                                       | (4,730)          |
|                                                   |                  | Other components of equity                           | 176,202          |
|                                                   |                  | Total equity attributable to owners of the parent    | 2,539,541        |
|                                                   |                  | Non-controlling interests                            | 380,434          |
|                                                   |                  | <b>Total equity</b>                                  | <b>2,919,975</b> |
| <b>Total assets</b>                               | <b>8,457,555</b> | <b>Total liabilities and net assets</b>              | <b>8,457,555</b> |

**| Consolidated Statements of Profit or Loss (From April 1, 2017 to March 31, 2018) |**

(Millions of yen)

| Account title                                                        | Amount            |
|----------------------------------------------------------------------|-------------------|
| <b>Revenue</b>                                                       | <b>10,301,072</b> |
| <b>Cost of sales</b>                                                 | <b>9,014,483</b>  |
| <b>Gross profit</b>                                                  | <b>1,286,589</b>  |
| Selling, general and administrative expenses                         | 783,840           |
| Share of profit of investments accounted for using the equity method | 62,510            |
| Other operating income                                               | 141,903           |
| Other operating expenses                                             | 219,616           |
| <b>Operating profit</b>                                              | <b>487,546</b>    |
| Finance income                                                       | 8,310             |
| Finance costs                                                        | 28,421            |
| <b>Profit before tax</b>                                             | <b>467,435</b>    |
| Income tax expense                                                   | 143,142           |
| <b>Profit for the year</b>                                           | <b>324,293</b>    |
| <b>Profit for the year attributable to:</b>                          |                   |
| Owners of the parent                                                 | 361,922           |
| Non-controlling interests                                            | (37,629)          |
| <b>Profit for the year</b>                                           | <b>324,293</b>    |

## Consolidated Statements of Changes in Equity (from April 1, 2017 to March 31, 2018)

(Millions of yen)

|                                                                        | Common stock   | Capital surplus  | Retained earnings | Treasury stock |
|------------------------------------------------------------------------|----------------|------------------|-------------------|----------------|
| <b>Balance as of April 1, 2017</b>                                     | <b>100,000</b> | <b>751,556</b>   | <b>697,009</b>    | <b>(3,990)</b> |
| Profit for the year                                                    |                |                  | 361,922           |                |
| Other comprehensive income (losses)                                    |                |                  |                   |                |
| Total comprehensive income (losses) for the year                       | -              | -                | 361,922           | -              |
| Purchase of treasury stock                                             |                |                  |                   | (741)          |
| Disposal of treasury stock                                             |                | 0                |                   | 1              |
| Cash dividends                                                         |                |                  | (50,697)          |                |
| Share-based payment transaction                                        |                | 171              |                   |                |
| Equity transaction with non-controlling interests, etc.                |                | (2,449)          |                   |                |
| Transfer from other components of equity to retained earnings          |                |                  | 9,168             |                |
| Transfer from other components of equity to non-financial assets, etc. |                |                  |                   |                |
| Changes due to business combination                                    |                | 501,389          |                   |                |
| Total transactions with owners                                         | -              | 499,111          | (41,529)          | (740)          |
| <b>Balance as of March 31, 2018</b>                                    | <b>100,000</b> | <b>1,250,667</b> | <b>1,017,402</b>  | <b>(4,730)</b> |

|                                                                        | 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 (losses) | Changes in fair value of cash flow hedges | Exchange differences on translation of foreign operations | Remeasurement (losses) gains on defined benefit plans | Total          |                                                   |                           |                  |
| <b>Balance as of April 1, 2017</b>                                     | <b>114,729</b>                                                                                               | <b>(16,436)</b>                           | <b>64,326</b>                                             | <b>-</b>                                              | <b>162,619</b> | <b>1,707,194</b>                                  | <b>433,094</b>            | <b>2,140,288</b> |
| Profit for the year                                                    |                                                                                                              |                                           |                                                           |                                                       | -              | 361,922                                           | (37,629)                  | 324,293          |
| Other comprehensive income (losses)                                    | 33,579                                                                                                       | 8,305                                     | (23,212)                                                  | 3,531                                                 | 22,203         | 22,203                                            | (2,474)                   | 19,729           |
| Total comprehensive income (losses) for the year                       | 33,579                                                                                                       | 8,305                                     | (23,212)                                                  | 3,531                                                 | 22,203         | 384,125                                           | (40,103)                  | 344,022          |
| Purchase of treasury stock                                             |                                                                                                              |                                           |                                                           |                                                       | -              | (741)                                             | -                         | (741)            |
| Disposal of treasury stock                                             |                                                                                                              |                                           |                                                           |                                                       | -              | 1                                                 | -                         | 1                |
| Cash dividends                                                         |                                                                                                              |                                           |                                                           |                                                       | -              | (50,697)                                          | (14,706)                  | (65,403)         |
| Share-based payment transaction                                        |                                                                                                              |                                           |                                                           |                                                       | -              | 171                                               | -                         | 171              |
| Equity transaction with non-controlling interests, etc.                |                                                                                                              |                                           | (1,458)                                                   |                                                       | (1,458)        | (3,907)                                           | 2,220                     | (1,687)          |
| Transfer from other components of equity to retained earnings          | (5,012)                                                                                                      |                                           | (625)                                                     | (3,531)                                               | (9,168)        | -                                                 | -                         | -                |
| Transfer from other components of equity to non-financial assets, etc. |                                                                                                              | 2,006                                     |                                                           |                                                       | 2,006          | 2,006                                             | (71)                      | 1,935            |
| Changes due to business combination                                    |                                                                                                              |                                           |                                                           |                                                       | -              | 501,389                                           | -                         | 501,389          |
| Total transactions with owners                                         | (5,012)                                                                                                      | 2,006                                     | (2,083)                                                   | (3,531)                                               | (8,620)        | 448,222                                           | (12,557)                  | 435,665          |
| <b>Balance as of March 31, 2018</b>                                    | <b>143,296</b>                                                                                               | <b>(6,125)</b>                            | <b>39,031</b>                                             | <b>-</b>                                              | <b>176,202</b> | <b>2,539,541</b>                                  | <b>380,434</b>            | <b>2,919,975</b> |

(Reference)

| **Consolidated Statements of Cash Flows (summary, from April 1, 2017 to March 31, 2018)** |

(Millions of yen)

| Account title                                                 | Amount    |
|---------------------------------------------------------------|-----------|
| Cash flows from operating activities                          | 707,106   |
| Cash flows from investing activities                          | (95,104)  |
| Cash flows from financing activities                          | (508,223) |
| Net increase in cash and cash equivalents                     | 103,779   |
| Cash and cash equivalents at beginning of the year            | 343,039   |
| Net foreign exchange differences of cash and cash equivalents | (8,321)   |
| Cash and cash equivalents included in assets held for sale    | (1,380)   |
| Cash and cash equivalents at end of the year                  | 437,117   |

## Non-Consolidated Financial Statements

### Non-consolidated Balance Sheets (as of March 31, 2018)

(Millions of yen)

| Account title                                                | Amount           | Account title                                           | Amount           |
|--------------------------------------------------------------|------------------|---------------------------------------------------------|------------------|
| (Assets)                                                     |                  | (Liabilities)                                           |                  |
| <b>Current assets</b>                                        | <b>245,677</b>   | <b>Current liabilities</b>                              | <b>335,823</b>   |
| Cash and deposits                                            | 88               | Short-term borrowings                                   | 166,198          |
| Operating accounts receivable                                | 207              | Short-term loans payable to subsidiaries and affiliates | 52,522           |
| Short-term loans receivable from subsidiaries and affiliates | 206,198          | Current portion of bonds                                | 70,000           |
| Accounts receivable-other                                    | 37,855           | Accrued expenses                                        | 3,441            |
| Other                                                        | 1,328            | Income taxes payable                                    | 33,824           |
|                                                              |                  | Provision for employees' bonuses                        | 384              |
|                                                              |                  | Other                                                   | 9,453            |
| <b>Non-current assets</b>                                    | <b>3,616,787</b> | <b>Non-current liabilities</b>                          | <b>1,743,141</b> |
| <b>Property, plant and equipment</b>                         | <b>74,124</b>    | Bonds payable                                           | 221,355          |
| Buildings and structures                                     | 19,568           | Long-term loans payable                                 | 1,014,852        |
| Land                                                         | 51,768           | Long-term loans payable to subsidiaries and affiliates  | 483,000          |
| Other                                                        | 2,787            | Deferred tax liabilities                                | 19,588           |
|                                                              |                  | Provision for share remuneration                        | 30               |
|                                                              |                  | Other                                                   | 4,315            |
| <b>Intangible assets</b>                                     | <b>1,271</b>     |                                                         |                  |
|                                                              |                  | <b>Total liabilities</b>                                | <b>2,078,964</b> |
|                                                              |                  | (Net assets)                                            |                  |
| <b>Investments and other assets</b>                          | <b>3,541,393</b> | <b>Shareholders' equity</b>                             | <b>1,749,696</b> |
| Investments in securities                                    | 169,546          | <b>Common stock</b>                                     | <b>100,000</b>   |
| Stocks of subsidiaries and affiliates                        | 2,134,230        | <b>Capital surplus</b>                                  | <b>1,572,648</b> |
| Long-term loans receivable from subsidiaries and affiliates  | 1,234,012        | Legal capital reserve                                   | 526,389          |
| Guarantee deposits                                           | 3,479            | Other capital surplus                                   | 1,046,259        |
| Other                                                        | 127              | <b>Retained earnings</b>                                | <b>80,427</b>    |
|                                                              |                  | Other retained earnings                                 | 80,427           |
|                                                              |                  | Reserve for advanced depreciation of non-current assets | 1,725            |
|                                                              |                  | Retained earnings brought forward                       | 78,703           |
|                                                              |                  | <b>Treasury stock</b>                                   | <b>(3,380)</b>   |
|                                                              |                  | <b>Valuation and translation adjustments</b>            | <b>33,805</b>    |
|                                                              |                  | Unrealized gain on securities                           | 33,807           |
|                                                              |                  | Deferred hedge gains and losses                         | (2)              |
|                                                              |                  | <b>Total net assets</b>                                 | <b>1,783,500</b> |
| <b>Total assets</b>                                          | <b>3,862,464</b> | <b>Total liabilities and net assets</b>                 | <b>3,862,464</b> |

**| Non-consolidated Statements of Income (from April 1, 2017 to March 31, 2018) |**

(Millions of yen)

| Account title                                           | Amount |               |
|---------------------------------------------------------|--------|---------------|
| <b>Operating revenue</b>                                |        |               |
| Dividends income                                        | 3,938  |               |
| Management fee income                                   | 13,163 | <b>17,101</b> |
| <b>Selling, general and administrative expenses</b>     |        | <b>12,819</b> |
| <b>Operating income</b>                                 |        | <b>4,281</b>  |
| <b>Non-operating income</b>                             |        |               |
| Interest income                                         | 11,432 |               |
| Dividends income                                        | 4,310  |               |
| Rent income                                             | 3,684  |               |
| Other                                                   | 1,448  | 20,875        |
| <b>Non-operating expenses</b>                           |        |               |
| Interest expenses                                       | 11,634 |               |
| Interest on bonds                                       | 2,380  |               |
| Rent expenses                                           | 1,173  |               |
| Other                                                   | 566    | 15,753        |
| <b>Ordinary income</b>                                  |        | <b>9,403</b>  |
| <b>Special gain</b>                                     |        |               |
| Gain on sales of non-current assets                     | 43,360 |               |
| Gain on sales of investments in securities              | 7,720  |               |
| Gain on cancellation of extinguishment of tie-in shares | 610    | 51,690        |
| <b>Income before income taxes</b>                       |        | <b>61,093</b> |
| Income taxes-current                                    | 17,433 |               |
| Income taxes-deferred                                   | (26)   | 17,407        |
| <b>Net income</b>                                       |        | <b>43,686</b> |

## Non-consolidated Statements of Changes in Net Assets (from April 1, 2017 to March 31, 2018)

(Millions of yen)

|                                                                     | Shareholders' equity |                       |                       |                       |                                                         |                                   |                         |                |                            |
|---------------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|---------------------------------------------------------|-----------------------------------|-------------------------|----------------|----------------------------|
|                                                                     | Common stock         | Capital surplus       |                       |                       | Retained earnings                                       |                                   |                         | Treasury stock | Total shareholders' equity |
|                                                                     |                      | Legal capital reserve | Other capital surplus | Total capital surplus | Other retained earnings                                 |                                   | Total retained earnings |                |                            |
|                                                                     |                      |                       |                       |                       | Reserve for advanced depreciation of non-current assets | Retained earnings carried forward |                         |                |                            |
| <b>Balance as of April 1, 2017</b>                                  | <b>100,000</b>       | <b>25,000</b>         | <b>1,046,259</b>      | <b>1,071,259</b>      | <b>1,740</b>                                            | <b>85,710</b>                     | <b>87,450</b>           | <b>(2,675)</b> | <b>1,256,034</b>           |
| Changes of items during the period                                  |                      |                       |                       |                       |                                                         |                                   |                         |                |                            |
| Dividends from surplus                                              |                      |                       |                       |                       |                                                         | (50,708)                          | (50,708)                |                | (50,708)                   |
| Net income                                                          |                      |                       |                       |                       |                                                         | 43,686                            | 43,686                  |                | 43,686                     |
| Purchase of treasury stock                                          |                      |                       |                       |                       |                                                         |                                   |                         | (705)          | (705)                      |
| Disposal of treasury stock                                          |                      |                       | 0                     | 0                     |                                                         |                                   |                         | 1              | 1                          |
| Reversal of reserve for advanced depreciation of non-current assets |                      |                       |                       |                       | (15)                                                    | 15                                | —                       |                | —                          |
| Increase by share exchanges                                         |                      | 501,389               |                       | 501,389               |                                                         |                                   |                         |                | 501,389                    |
| Net changes of items other than shareholders' equity                |                      |                       |                       |                       |                                                         |                                   |                         |                |                            |
| Total changes of items during the period                            | —                    | 501,389               | 0                     | 501,389               | (15)                                                    | (7,008)                           | (7,023)                 | (704)          | 493,662                    |
| <b>Balance as of March 31, 2018</b>                                 | <b>100,000</b>       | <b>526,389</b>        | <b>1,046,259</b>      | <b>1,572,648</b>      | <b>1,725</b>                                            | <b>78,703</b>                     | <b>80,427</b>           | <b>(3,380)</b> | <b>1,749,696</b>           |

|                                                                     | Valuation and translation adjustments                  |                                 |                                             | Total net        |
|---------------------------------------------------------------------|--------------------------------------------------------|---------------------------------|---------------------------------------------|------------------|
|                                                                     | Gain on sales of stocks of subsidiaries and affiliates | Deferred hedge gains and losses | Total valuation and translation adjustments |                  |
| <b>Balance as of April 1, 2017</b>                                  | <b>21,653</b>                                          | <b>-</b>                        | <b>21,653</b>                               | <b>1,277,686</b> |
| Changes of items during the period                                  |                                                        |                                 |                                             |                  |
| Dividends from surplus                                              |                                                        |                                 |                                             | (50,708)         |
| Net income                                                          |                                                        |                                 |                                             | 43,686           |
| Purchase of treasury stock                                          |                                                        |                                 |                                             | (705)            |
| Disposal of treasury stock                                          |                                                        |                                 |                                             | 1                |
| Reversal of reserve for advanced depreciation of non-current assets |                                                        |                                 |                                             | —                |
| Increase by share exchanges                                         |                                                        |                                 |                                             | 501,389          |
| Net changes of items other than shareholders' equity                | 12,154                                                 | (2)                             | 12,152                                      | 12,152           |
| Total changes of items during the period                            | 12,154                                                 | (2)                             | 12,152                                      | 505,814          |
| <b>Balance as of March 31, 2018</b>                                 | <b>33,807</b>                                          | <b>(2)</b>                      | <b>33,805</b>                               | <b>1,783,500</b> |

## Audit Report

---

| Copy of the Accounting Auditor's Report (on Consolidated Financial Statements) |

### Independent Auditor's Report

May 16, 2018

To: The Board of Directors of JXTG Holdings, Inc.

Ernst & Young ShinNihon LLC

Yuichi Mochinaga

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Kazuhiko Umemura

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Kazuhiko Yamazaki

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Takamichi Komiyama

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Pursuant to Article 444, paragraph 4 of the Japanese Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in equity, and the notes to the consolidated financial statements of JXTG Holdings, Inc. (the "Company") applicable to the consolidated fiscal year from April 1, 2017 through March 31, 2018.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements, which is a partially condensed version as some disclosure items were omitted from the reporting standards as set out in the IFRS pursuant to the latter part of Article 120, paragraph 1 of the Ordinance on Accounting of Companies. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements from an independent standpoint based on the audit we conducted. We conduct our audit in accordance with the auditing standards generally accepted in Japan. Those auditing standards require that we formulate an audit plan and perform the audit based on this plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. According to our decision, the audit procedures are selected and applied based on an assessment of the risk of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above, which is a partially condensed version as some disclosure items were omitted from the reporting standards as set out in the IFRS pursuant to the latter part of Article 120, paragraph 1 of the Ordinance on Accounting of Companies, present fairly, in all material respects, the financial position and results of operations of the corporate group consisting of JXTG Holdings, Inc. and its consolidated subsidiaries applicable to the 8th fiscal year ended March 31, 2018.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

## Independent Auditor's Report

May 16, 2018

To: The Board of Directors of JXTG Holdings, Inc.

Ernst & Young ShinNihon LLC

Yuichi Mochinaga

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Kazuhiko Umemura

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Kazuhiko Yamazaki

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Takamichi Komiyama

Certified Public Accountant,

Designated Limited Liability Partner, and Engagement Partner

Pursuant to Article 436, paragraph 2, item 1 of the Japanese Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the annexed detailed statements thereof of JXTG Holdings, Inc. (the "Company") applicable to the eighth fiscal year from April 1, 2017 through March 31, 2018.

Management's Responsibility for the Financial Statements and the Annexed Detailed Statements thereof

Management is responsible for the preparation and fair presentation of these financial statements and the annexed detailed statements thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the financial statements and the annexed detailed statements thereof that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the annexed detailed statements thereof from an independent standpoint based on the audit we conducted. We conduct our audit in accordance with the auditing standards generally accepted in Japan. Those auditing standards require that we formulate an audit plan and perform the audit based on this plan to obtain reasonable assurance about whether the financial statements and the annexed detailed statements thereof are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the annexed detailed statements thereof. According to our decision, the audit procedures are selected and applied based on an assessment of the risk of material misstatement in the financial statements and the annexed detailed statements thereof, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements and the annexed detailed statements thereof in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the annexed detailed statements thereof.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the financial statements and the annexed detailed statements thereof referred to above present fairly, in all material respects, the financial position and the results of operations of JXTG Holdings, Inc. applicable to the 8th fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

## Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

### Corporate Auditors' Report

The Board of Corporate Auditors has reviewed the audit reports individually prepared by each corporate auditor and prepared this Corporate Auditors' Report, after deliberation among the corporate auditors, regarding directors' execution of duties for the 8th fiscal term from April 1, 2017 to March 31, 2018, as follows.

1. The methods and contents of audit by each corporate auditor and by the Board of Corporate Auditors
  - (1) The Board of Corporate Auditors established the audit policy and audit plan and received reports from each corporate auditor on progress and results of his or her audits and also received reports from the directors, other relevant personnel and the Accounting Auditor on their execution of duties, and asked for explanations as necessary.
  - (2) In accordance with the audit standards for the corporate auditors established by the Board of Corporate Auditors, each corporate auditor made every effort to maintain good communication with the directors and Internal Audit and other functions and to collect information and maintain an appropriate audit environment following the audit policy and audit plan and conducted audits in the following manner:
    - (i) Each corporate auditor attended meetings of the Board of Directors and other material meetings, received reports from the directors and other relevant functions on their execution of duties and asked for explanations as necessary, and investigated the status or condition of the business activities and the assets by inspecting important approval documents and reports. Regarding the subsidiaries, the corporate auditors sought to communicate with the directors, the corporate auditors and other relevant personnel of the subsidiaries and to exchange information, and received reports on business from the subsidiaries as necessary, and investigated the status or condition of the business activities and the assets at the subsidiaries' principal offices and other business locations.
    - (ii) With respect to the contents of the resolution by the Board of Directors regarding development of the systems described in the business report that ensure compliance of directors' execution of duties with applicable laws and regulations and the Articles of Incorporation, and other systems required under Article 100, paragraphs (1) and (3) of the Ordinance for Enforcement of the Companies Act to ensure appropriate business conduct of a corporate group consisting of a

company and its subsidiaries and the systems (Internal Control Systems) developed based on such resolution, each corporate auditor received periodic reports from the directors and other relevant functions concerning the status of formation and implementation of such systems, asked for explanations as necessary, and expressed his or her opinion. In addition, with respect to internal control regarding financial reports, each corporate auditor received reports from the directors, other relevant personnel and Ernst & Young ShinNihon LLC on assessment of such internal control and the status of audit and asked for explanations as necessary.

- (iii) We monitored and verified that the Accounting Auditor maintained independence and conducted appropriate audits, received reports on the status of their audit work from the Accounting Auditor, and asked for explanations as necessary. We were also advised by the Accounting Auditor that they had “the system for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance on Accounting of Companies)” in place in accordance with “Quality Control Standards for Audit” (Business Accounting Council, October 28, 2005) and other relevant regulations and asked for explanations as necessary.

Based on the above stated steps, we examined the business report and its supplements, financial statements and their supplements, and the consolidated financial statements, for the current fiscal year.

## 2. Results of the audit

### (1) Results of the audit of the business report and supplements

It is our opinion that

- (i) The business report and supplements present fairly the status of the Company’s business conditions in conformity with the applicable laws and regulations and the Articles of Incorporation,
- (ii) There is no indication of significant wrongdoing or violation of laws and regulations and the Articles of Incorporation in the directors' execution of duties, and
- (iii) The contents of the resolution by the Board of Directors regarding the internal control systems were appropriate. Also, there are no significant items to be noted on description in the business report and the directors’ execution of duties regarding the internal control systems, including internal controls relating to financial reports. In addition, with respect to the matter regarding violation of the Antimonopoly Act by NIPPO Corporation described in the business report, we will closely observe NIPPO Corporation’s efforts to keep its employees informed about compliance with the Antimonopoly Act in order to prevent a recurrence of such misconduct, as well as monitoring the status of instructions that the Company will provide to NIPPO Corporation.

(2) Result of the audit of the financial statements and their supplements and the consolidated financial statements

The methods and results of audits conducted by Ernst & Young ShinNihon LLC, our Accounting Auditor, are appropriate.

May 16, 2018

The Board of Corporate Auditors,  
JXTG Holdings, Inc.

Takashi Setogawa, Full-time Corporate Auditor

Yuji Nakajima, Full-time Corporate Auditor

Yoji Kuwano, Full-time Corporate Auditor

Naomi Ushio, Outside Corporate Auditor

Nobuko Takahashi, Outside Corporate Auditor

Seiichiro Nishioka, Outside Corporate Auditor

End