

[Translation]

May 12, 2025

To whom it may concern:

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### **Notice Regarding Formulation of the ENEOS Group Fourth Medium-Term Management Plan**

ENEOS Holdings, Inc. (President: Miyata Tomohide; “ENEOS Holdings”) announces that it has formulated its Fourth Medium-Term Management Plan (FY2025-FY2027), a revision of the Third Medium-Term Management Plan (FY2025-FY2027).

As part of its business portfolio transformation, ENEOS Holdings completed an IPO of JX Advanced Metals in March 2025, aiming to secure funding for strategic investments, etc., to further the transformation.

On the other hand, while the social trend related to energy is moving toward decarbonization, there is a growing emphasis on maintaining a stable and economical supply of energy, including petroleum. We recognize that this is largely due to heightened uncertainty, including factors such as heightened energy security awareness, US policy risk, increased costs of decarbonization, and difficulty in predicting project profitability due to inflation.

We formulated the Fourth Medium-Term Management Plan (FY2025-2027) taking into account these circumstances as well as significant social changes. In the Fourth Medium-Term Management Plan, in order to respond to these uncertainties with greater agility and flexibility, we will accelerate initiatives to maximize corporate value through two main pillars, which are transformation to a robust management structure and portfolio restructuring, while implementing human capital management enabling the realization of portfolio restructuring.

#### **1. What We Want to Achieve in the Fourth Medium-Term Management Plan**

Through the initiatives below, we aim for early realization of ROE of 10% and to support “today’s normal” and take the lead for “tomorrow’s normal.”

##### **(1) Transformation to a robust management structure**

We will pursue earnings improvement opportunities through comprehensive visualization of profit and loss structure, including for Group companies, and utilize AI across all operations to realize significant improvements in operational efficiency and organizational streamlining.

(2) Portfolio restructuring

We will strengthen early earnings generation businesses, centered on the overseas fuel oil business, etc., in base and materials businesses, and prioritize resource allocation as a step toward a decarbonized society in the low-carbon business, which includes LNG and biofuels. In terms of investments, in addition to organic growth, we will pursue growth opportunities through M&A and enhance investment management to carefully select investments and maximize returns.

(3) Human capital management

We will strengthen strategic selection, development and appointment processes to foster strong leaders who can overcome uncertain times and establish a future personnel portfolio, and thoroughly implement talent management centered on the assignment of the right person to the right job to resolve gaps.

2. FY2027 Targets

- (1) ROE<sup>1</sup> : 10% or more
- (2) ROIC : 6% or more
- (3) Profit (excl. inventory valuation)<sup>1</sup> : ¥320.0bn
- (4) Operating Profit (excl. inventory valuation) : ¥500.0
- (5) Net D/E Ratio<sup>2</sup> : 0.7-0.9×

<sup>1</sup> Profit attributable to owners of the parent excluding inventory valuation effects

<sup>2</sup> Excludes non-controlling assets and includes lease liabilities (after adjusting for hybrid bonds on a total asset basis)

(Reference) Key Factors

	FY2025	FY2026	FY2027
Exchange Rate (¥/\$)	140	150	150
Crude Oil (Dubai) (\$/B)	75	75	75

3. Investment Plan (cumulative total for FY2025-FY2027): ¥1,560.0 billion  
(including strategic investment: ¥740.0 billion)

4. Shareholder Return

(1) Basic Policy

Secure sufficient financial soundness and liquidity to withstand resource price volatility and other business risks and enable procurement of capital for sustained investment in growth.

Based on the above, utilize constant financing to maintain an optimal capital structure and capital costs.

(2) Return Policy

Returning profits to shareholders continues to be an important management issue.

With the basic policy of implementing returns reflecting medium-term consolidated performance and forecasts, strive to continue to provide stable dividends.

(3) Indication of shareholder return in the Fourth Medium-Term Management Plan

Progressively increase dividends based on financial results, starting from a dividend per share of ¥30

On average over the three-year period, 50% or more of net income, excluding the impact of inventory valuation effects, will be returned through dividends and share buybacks.

End

Note: Plans, forecasts, strategies and other non-historical facts contained in this material are forward-looking statements based on information available at the time of preparation and are subject to various risks and uncertainties. Actual figures and indicators related to business performance and management may differ significantly from these forecasts due to changes in the business environment and other factors.

In addition, information related to companies other than our company and our group that is described in this document is quoted from public information, etc., and we do not guarantee the accuracy of the information.



**ENEOS**

Security Code Tokyo 5020

May 12, 2025

ENEOS Group

FY2025 - FY2027

# Fourth Medium-Term Management Plan

**ENEOS Holdings, Inc.**  
[E'-ne-ohs]

**ENEOS Group** Japan's Premier Energy and Materials Corporate Group

# ENEOS 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.

# Background and Objectives of the Fourth Medium-Term Management Plan

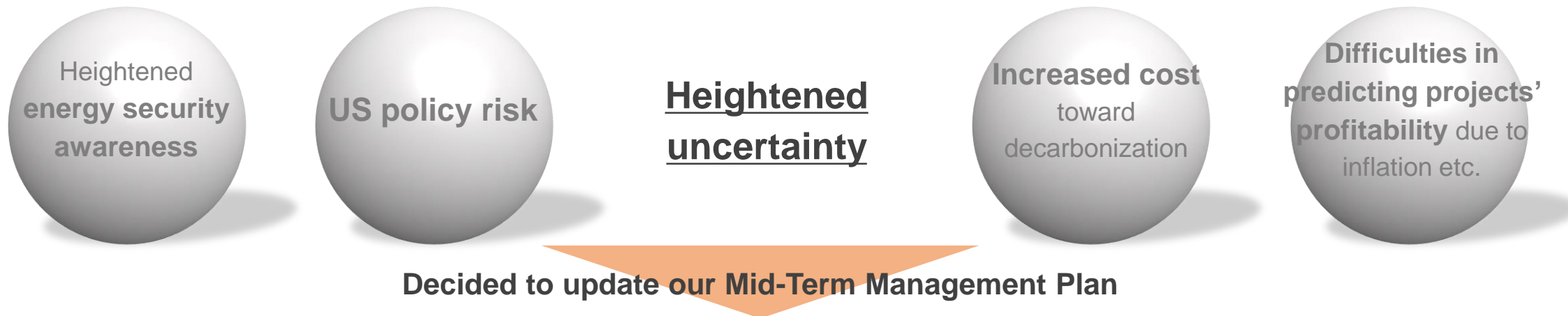
## ■ Changes since disclosure of the previous Mid-Term Management Plan (May 2023)

### Internal

- **JX Advanced Metals listed as part of business portfolio transformation** for energy transition

### External

- While moving toward decarbonization, **there is a growing emphasis on stable and economical energy supply.**  
(In the immediate future, social demands for a stable supply of existing energy sources, including oil, will remain unchanged.)



## ■ What we want to achieve in the Fourth Mid-Term Management Plan (FY2025-2027)

In order to respond to uncertainty with greater agility and flexibility, we will transform our management structure to be more robust, while maximizing corporate value through portfolio restructuring.

Transformation to a robust management structure

Portfolio restructuring

## Transformation to a robust management structure

### Thorough improvement of efficiency

- Maximize earnings of existing businesses



**Pursue earnings improvement opportunities through comprehensive visualization** of profit and loss structure including Group companies

- Swiftly respond to changes in the business environment and also link to PDCA for improvement



**Utilize AI across all operations** to realize significant improvements in operational efficiency and organizational streamlining



**Strengthen risk management**

## Portfolio restructuring



**Base and materials businesses**

(Petroleum products, etc.)

**Strengthen early earnings generation businesses**, centered on overseas fuel oil business, etc.



**Low-carbon business**

(LNG, biofuels, etc.)

**Prioritize resource allocation** as a step toward a decarbonized society

In addition to organic growth,  
**pursue growth opportunities through M&A**

- Established an M&A promotion system, planning with a global perspective

**Enhance investment management**

### Human capital management

**Develop strong leaders who can overcome uncertain times**

**Implement job-based talent management** centered on the pursuit of expertise

**Aim for early realization of ROE of 10% or more**

**Supporting “today’s normal,” taking the lead for “tomorrow’s normal”**

## ■ Main Section

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## ■ Reference

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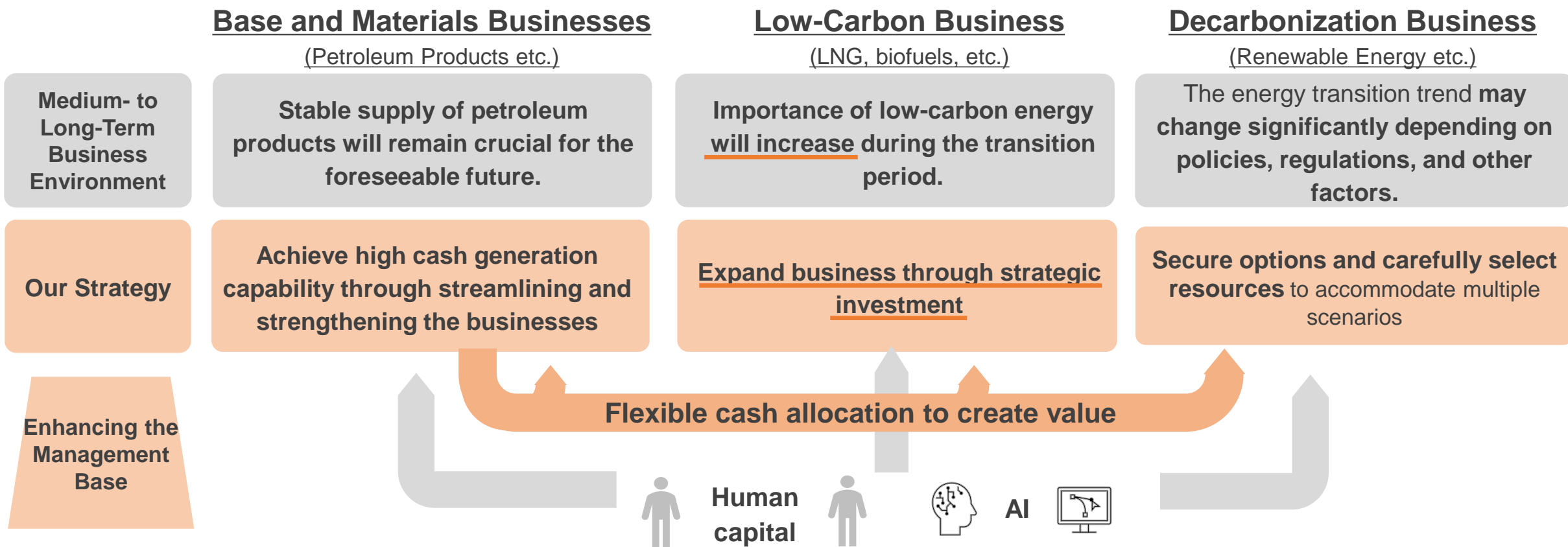
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# Direction of the ENEOS Group

# Medium- to Long-Term Business Environment and Strategies

- The trend towards carbon-neutrality is slowing. We had anticipated that the energy transition would reach a critical juncture in around 2030, but concluded that this may occur later.

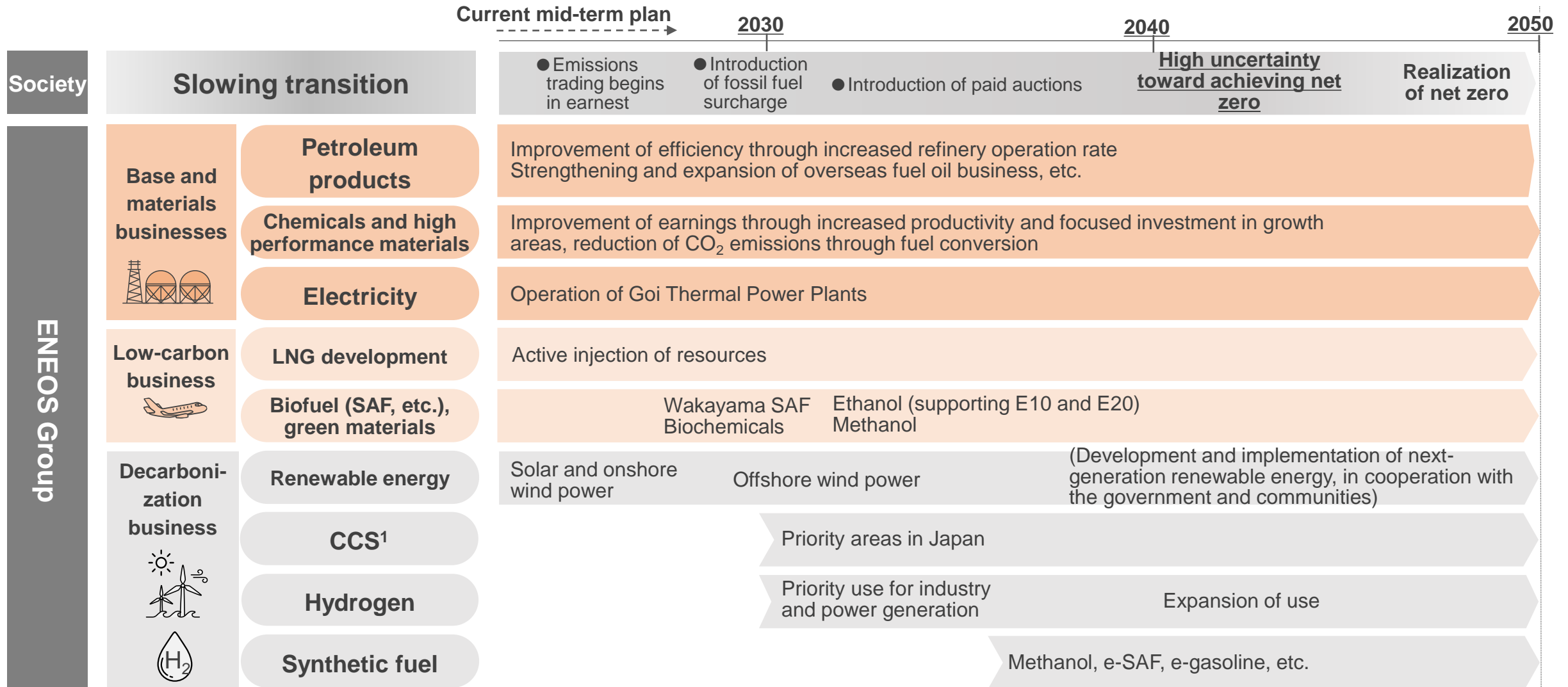
➤ Even in an uncertain business environment, we will support “today’s normal” through the stable supply of energy and materials, and lead “tomorrow’s normal” through low-carbon and decarbonization initiatives.



# Options for Energy Transition

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- Preparing multiple options for quick and flexible responses to changes in trends toward decarbonization.
  - Building a portfolio that balances profitability and high resilience (See the Carbon Neutrality Plan for details)



# Strengths of the ENEOS Group in Energy Transition

- Leveraging our strengths, including our overwhelming business scale, diverse business areas, and advanced technical expertise, contribute to the stable supply of energy and materials that society demands in every area

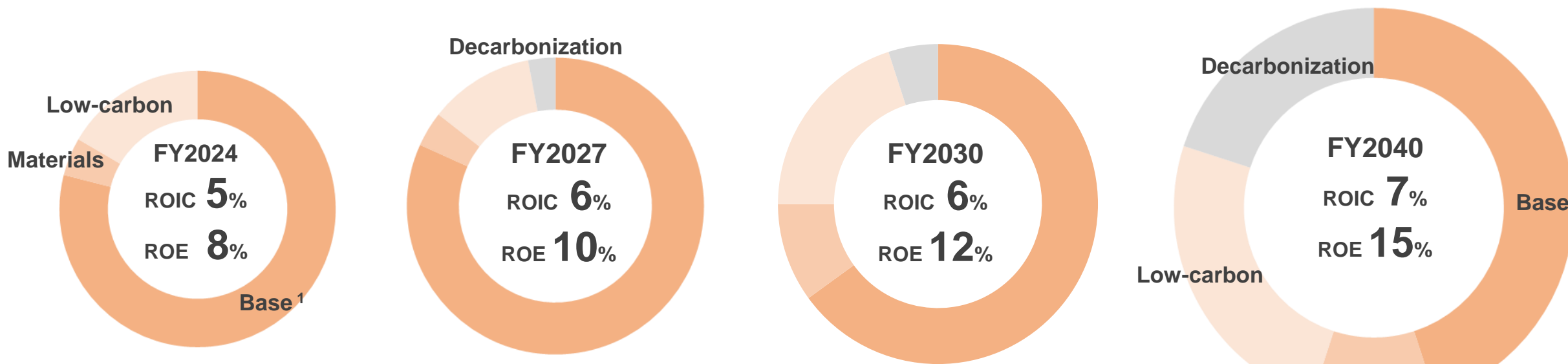
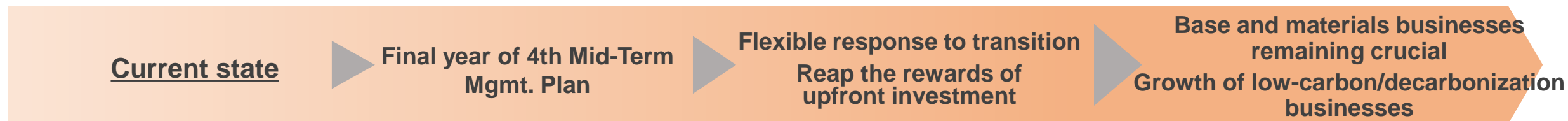
Base and materials businesses 	Petroleum products		<ul style="list-style-type: none"><li>- <u>Approx. 50% market share of domestic fuel oil sales</u>, with approx. 12K service stations nationwide</li><li>- Operating at 23 locations in 16 countries overseas, mainly in Southeast Asia</li></ul>
	Chemicals and high performance materials		<ul style="list-style-type: none"><li>- One of Asia’s leading supply capabilities for basic chemicals</li><li>- <b>Fuel-efficient tire materials</b> with joint development and global expansion through close collaboration with major tire manufacturers</li></ul>
	Electricity		<ul style="list-style-type: none"><li>- High capital efficiency through ownership of cutting-edge, high-efficiency LNG power plants</li></ul>
Low-carbon business 	LNG development		<ul style="list-style-type: none"><li>- Many years of experience and expertise in Southeast Asia and Oceania Malaysia: <b>Approx. 40 years of operator experience</b> since the aquisition, <b>JDC’s drilling technology</b>, favorable relationships with state-run oil companies, etc.</li></ul>
	Liquid fuels	Biofuel, green materials	<ul style="list-style-type: none"><li>- <u>Assets in the petroleum refining and sales supply chain adjacent to potential customers (refineries and plants at 11 locations nationwide)</u></li></ul>
Hydrogen		<ul style="list-style-type: none"><li>- <b>Direct MCH® technology successfully verified for the first time in the world</b> (technology for direct synthesis of MCH [hydrogen carrier] in electrolytic cells)</li></ul>	
Synthetic fuel		<ul style="list-style-type: none"><li>- <b>Technological capabilities cultivated at Japan’s first demonstration plant capable of manufacturing synthetic fuel</b> from raw materials through an integrated process</li></ul>	
Decarboni- zation business 	Renewable energy		<ul style="list-style-type: none"><li>- ENEOS Renewable Energy’s high power source development capabilities (solar and wind power plant generation capacity: <b>second largest in Japan</b>)</li></ul>
	CCS		<ul style="list-style-type: none"><li>- <b>CO<sub>2</sub> storage expertise accumulated at the Petra Nova CCUS Project (US)</b> (Feb. 2025: Achieved capture of 5 million tons of CO<sub>2</sub>)</li></ul>

# Direction—ROIC / Scale of Earnings by Business Area

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- Generate returns that exceed the cost of capital by resolving social issues surrounding energy and materials

➤ Diversifying our portfolio toward sustainable growth



Operating profit: ¥429.3 billion <sup>2</sup>

Adjusted (excluding one-time factors etc.) : ¥389.7bn <sup>3</sup>

Operating profit: ¥500.0 billion

Operating profit: ¥600.0 billion

Operating profit: ¥900.0 billion

<sup>1</sup> Including JX Advanced Metals, NIPPO, etc.

<sup>2</sup> Operating profit incl. discontinued operations / excl. inventory valuation

<sup>3</sup> Consolidated financial statements of the ENEOS Group excluding one-time factors (gain on the sale of JXAM shares, impairment of goodwill in the Petroleum Products business) and the impact of time-lag, and including JXAM operating profit as share of profit of entities accounted for using equity method.

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## Review of Third Medium-Term Management Plan

# Review of Third Medium-Term Management Plan

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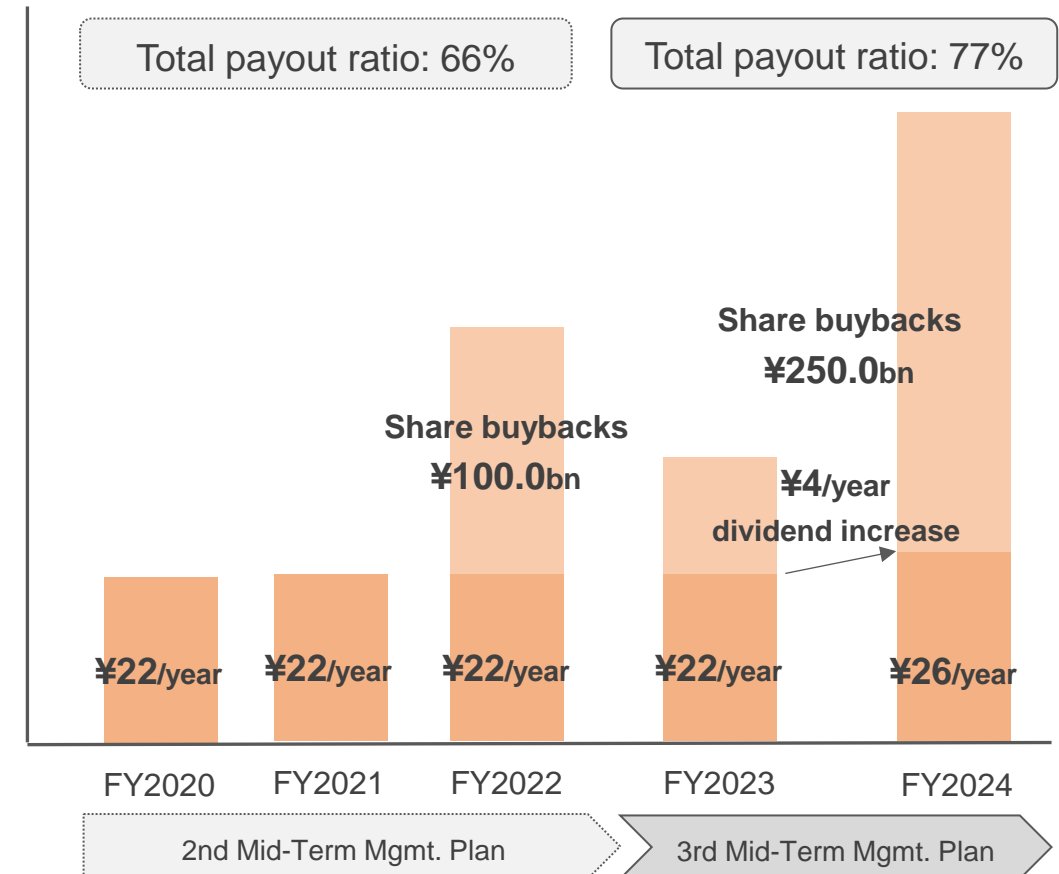
## Financial targets

- Although continued efforts are necessary to improve capital efficiency, **achieved the initial targets for profit and free cash flow in FY2024**

	Targets	Results
<b>ROE</b>	FY2025: 10% or higher	FY2023: 7.8% FY2024: 8.4%
<b>ROIC</b> (excl. incubation businesses)	FY2025: 7% or higher	FY2023: 5.0% FY2024: 5.4%
<b>Profit</b> (excl. inventory valuation)	3-year total: ¥700.0bn (FY2023: ¥180.0bn FY2024: ¥210.0bn FY2025: ¥310.0bn)	FY2023: ¥237.9bn FY2024: ¥266.4bn
<b>Free cash flow</b>	3-year total: ¥500.0bn	¥1,317.1bn <sup>1</sup> (FY2023 and FY2024)
<b>Net D/E ratio</b>	0.8× or lower	0.34×

## Shareholder returns

- Executed share buybacks totaling ¥250.0 billion and announced an increase in annual dividends to ¥26, implementing aggressive shareholder returns**



# Review of Third Medium-Term Management Plan

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## Strengthening the management base

### ■ Listing of JX Advanced Metals (JXAM)

- To transform our business portfolio and maximize our corporate value, listed JXAM on the Tokyo Stock Exchange Prime Market to manifest its value
  - JXAM was changed from a consolidated subsidiary to an equity-method affiliate (42.4% shareholding).
- Made careful preparations to maximize JXAM value by concentrating on the semiconductor business
  - Transfer of 70% of shares of Caserones copper mine operating company
  - Transfer of 3.27% of Los Pelambres copper mine rights and interests
  - Transfer of 20% of shares of Pan Pacific Copper Co., Ltd.



### ■ Change in Group operating structure

- **Dissolution of integrated management with holding company**  
ENEOS Holdings and ENEOS dissolved the “substantial holding company” structure, strengthened governance, and promoted strategic leadership-type portfolio management.

### ■ Balance sheet management

- **Reviewed our assets and business structures**  
Sale of strategic shareholdings, partial transfer of maritime transportation business, etc.
- **¥250.0 billion in share buybacks**

## Establishing a solid earnings base

### ■ Reduce refinery trouble / strengthening competitiveness

- Steadily improved through various measures such as bringing inspections forward and enhancing construction quality

**UCL [unplanned capacity loss]  
9% (FY2022) → 5% (FY2024)**

- Restructure production/supply systems
  - Considering shutting down one Kawasaki ethylene unit
  - Suspended lubricant production at Yokohama Plant and considering relocating to another site

### ■ Maximize value of Oil and Natural Gas E&P business

- Started production on Tangguh LNG project and projects for additional development in Malaysia

## Accelerating the realization of energy transition

### ■ Reduce our greenhouse gas emissions

- **CCS**  
Promoting research projects for value chains  
(Offshore Western Kyushu CCS, Northern Offshore Malay Peninsula CCS)

- **Forest absorption**  
Steadily generated credits (300kt/year)

### ■ Contribute to the reduction of society's greenhouse gas emissions

- **Renewable energy**  
Steadily expanded power generation capacity (1,370MW <sup>1</sup>)
- **SAF**  
Started supplying imported SAF to multiple airlines  
Building an in-house manufacturing system at Wakayama Plant

- **Synthetic fuel**  
Completed Japan's first demonstration plant capable of manufacturing synthetic fuel from raw materials through an integrated process, and started demonstration operation

<sup>1</sup> Total of operating and under-construction power plants



**3**

## **Fourth Medium-Term Management Plan**

# Fourth Medium-Term Management Plan: FY2027 Targets

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		FY2024 Results	Changes	FY2027 Target
Capital efficiency	ROE <sup>1</sup>	8%	+2pt. or higher	10% or higher
	ROIC	5%	+1pt. or higher	6% or higher
Profit excl. inventory valuation	Profit	¥266.4bn	+¥53.6bn	¥320.0bn
	Operating profit	¥429.3bn <sup>2</sup>	+¥70.7bn	¥500.0bn
Financial soundness	Net D/E ratio <sup>3</sup>	0.48 x	To appropriate leverage level	0.7-0.9 x

Assumption for FY27  
Crude oil (Dubai) 75\$/B  
Exchange rate: ¥150/\$

<sup>1</sup> R is the profit attributable to owners of the parent excluding inventory valuation

<sup>2</sup> Operating profit incl. discontinued operations / excl. inventory valuation

<sup>3</sup> Based on examples disclosed by other companies, this includes lease obligations and excludes non-controlling interests from the Fourth Medium-Term Management Plan (adjusting for hybrid bonds on a total asset basis)

We aim to maximize cash inflows by **further improving efficiency and strengthening early earnings generation businesses**, while establishing a low-carbon and decarbonized supply base with a view to a decarbonized society.

## ■ Maximize refinery utilization rate

- Aim to reduce the repair period by implementing best practices at each refinery, and also **achieve 90% refinery utilization rate excluding periodic repair in FY2027** through appropriate investment in repair costs and measures to improve reliability
- Through proactive efficiency investments (energy conservation investments etc.), strive to steadily improve productivity while achieving both reduced environmental impact and improved economic efficiency

## ■ Expand overseas fuel oil business

- Considering expansion of business through acquisition of overseas assets

## ■ Strengthen chemical competitiveness

- Aim for competitiveness, starting with considering discontinuing operation of one of the ethylene production units at the Kawasaki Refinery

## ■ Increase production of jet fuel

- Expand facilities and ensure appropriate earnings in response to increased inbound demand (+3 to 4% per year until FY2027)

## ■ Promote digital marketing utilizing apps

- Strengthen 1-to-1 marketing and data profitability through 20 million data points
- Support service station operations through pull marketing and on-site labor savings

### Low-carbon

#### ■ Biofuel

- Work to establish a domestic supply system through import sales, and aim to **manufacture 400ML of SAF annually at the Wakayama Plant from FY2028**
- Decided to invest in UK-based C2X, which plans to manufacture bio and synthetic methanol, and considering the development of a supply chain for the shipping sector and the expansion into synthetic fuels and chemicals using bio resources as raw materials



### Decarbonization

#### ■ Hydrogen

- Considering hydrogen production, transportation, and supply to industrial and transportation operators in Japan for the establishment of a large-scale hydrogen supply chain

#### ■ Synthetic fuel

- In parallel with demonstration operation aimed at establishing the technology, run Japan's first synthetic fuel shuttle buses at the Osaka-Kansai Expo to raise public awareness

# Fourth Medium-Term Management Plan: Business Plan (ENEOS Xplora and ENEOS Materials)

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## Oil and Natural Gas E&P (ENEOS Xplora)

Two-pronged management of proactive natural gas development and environmentally friendly businesses

### ■ E&P Business (Exploration & Production)

- **Strengthen and expand our LNG business** as demand for LNG is expected to increase until around 2040

(Next step)

**Contract extension**

Planning to extending contract for Malaysia Block SK10

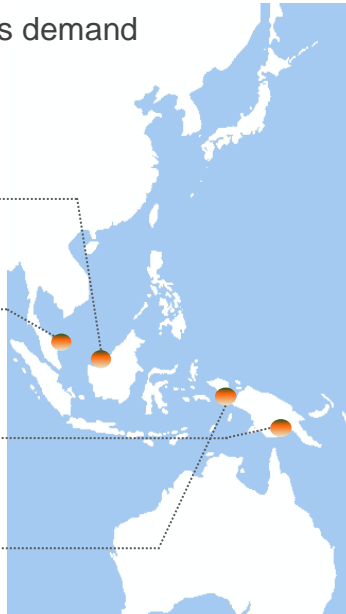
**FID**

Malaysia BIGST Project (Development projects through CCS implementation)

Papua LNG Project (FID scheduled for 2025)

**Start of production**

Development of expansion of Tangguh LNG Project (Gradual start of production from 2028)



+ Additional acquisition of rights and interests, and consideration of purchase of assets

### ■ Business for Environment (CCS/CCUS <sup>1</sup>)

- **Promote efforts toward the social implementation of CCS**, utilizing the experiences of Petra Nova CCUS Project and domestic/overseas support systems

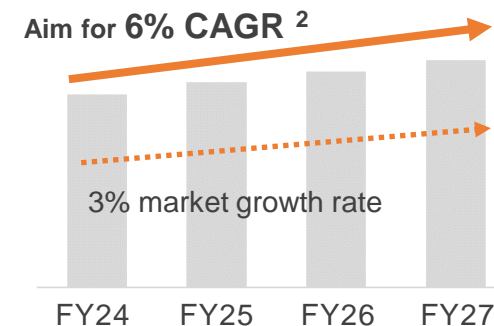
## High Performance Materials (ENEOS Materials)

Differentiation of strategic business technology, business expansion through focused investment in growth areas, and improvement of earnings through increased productivity

### ■ SSBR (synthetic rubber)

- **Aim to achieve growth and market share that exceed the market average** through development of cutting-edge technologies that meet customer needs, a customer-oriented support system, and capture of market share through supply from three locations worldwide

SSBR sales volume



Raw materials for fuel-efficient tires

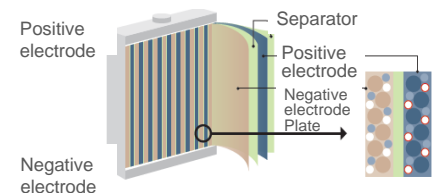


High grip and low rolling resistance contributing to improved fuel economy

### ■ Binders for batteries

- **Aim to expand by targeting the European market**, which is expected to see growth in EV demand following China

Materials for lithium-ion batteries



## Electricity (ENEOS Power)

Achieve high capital efficiency by strengthening cost competitiveness through competitive power sources and AI utilization

### ■ Sales

- Steadily acquire retail customers with focus on efficiency
- Expand product lineup and services tailored to customer needs  
(Responding to decarbonization and energy conservation needs, etc.)

Goi Thermal Power Plants



### ■ Power sources and procurement

- Stable operation of in-house power plants  
(Goi Thermal, Kawasaki Natural Gas, Muroran Biomass)
- Introduce an evaluation model to quantify market price fluctuation risks, and strengthen risk management
- Enhance derivative transactions to stabilize and maximize earnings

### ■ VPP, etc.

- Accumulate earnings through strengthened trading and enhancement of optimization systems in the grid storage battery business
- Develop business models utilizing distributed power sources  
(Demonstration of Ouchi de ENE Mane <sup>1</sup> / Dokoka de ENE Mane <sup>2</sup>, etc.)

## Renewable Energy (ENEOS Renewable Energy)

Aim for medium- to long-term growth while focusing on capital efficiency and balancing contribution to decarbonization and economic viability

### ■ Common issue

- Realize improved capital efficiency through careful selection of investment and capital recycling, etc.

### ■ Solar

- Improve earnings through installation of storage batteries in the Kyushu area, where output is increasingly curtailed  
(Introduction of over 200 MW of storage batteries is expected in FY2026)
- Improve earnings through transition of low-FIT projects to FIP and PPA <sup>3</sup>

### ■ Onshore wind power

- Steadily implement projects under development and reduce costs through split orders and bulk procurement of wind turbines

JRE Miyagi Kami Wind Farm



### ■ Offshore wind power

- Promote development for early launch of the Happo Noshiro Project
- Acquire technical knowledge on floating offshore wind power through a demonstration in Norway

# Transformation to a Robust Management Structure

## (1) Enhancing Efficiency through Comprehensive Visualization

- Thorough improvement of efficiency for a robust management structure

### Improvement of ROIC through comprehensive visualization

- Establish FP&A organization (April 2025)

Support and promote improvements  
of each company

- Deepen ROIC management by establishing comprehensive improvement measures

- Provide high-quality information quickly in response to changes in the business environment and also link it to actions for improvement (PDCA)
- Seek further ROIC visualization, not limited to ROIC by business unit

By supply chain level

By area

By customer segment

By affiliate

### Improvement of ROIC and strengthening governance of Group companies

- **Regularly evaluate Group companies** in terms of capital efficiency and strategic alignment  
(Companies included in the Group: **651 companies** [number as of March 2025])
- Restructure the organizational structures of Group companies based on the evaluation results, and **improve earnings and strengthen governance through ROIC management.**

#### ROIC improvement

Strengthen fundamental  
profitability

Tighten investment  
management  
(reduction of invested capital)

#### Strengthening governance

Visualize  
management situation

Respond to  
sustainability  
disclosures

Strengthen  
internal control

Strengthen  
information  
security

### Risk management

- In light of the increasing uncertainty surrounding the business environment, establish a **Chief Risk Officer (CRO)** and a **Risk Management Department** to strengthen organizational structure
- Identify important risks across the Group, formulate rapid and appropriate countermeasures (mitigation plans), and work to reduce risks

# Transformation to a Robust Management Structure

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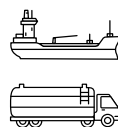
## (2) Promotion of AI Utilization

- Launch a dedicated organization to promote the utilization of AI and pursue the potential of AI utilization across all operations, including the supply chain, and make significant improvements in operational efficiency and organizational streamlining through data-driven optimization

### Tomorrow's normal utilizing AI

#### Supply

- Cost reduction, risk management, and earnings improvement through AI-driven optimization of the entire supply chain
- Optimization of plans on vessel/vehicle allocations, production, inventory



#### Manufacturing

- Expansion of automated plant operation (optimization / CO<sub>2</sub> reduction)
- Equipment failure prediction and maintenance
- Corrosion detection / leak detection through AI image diagnosis
- AI quality auditing



#### Sales

- 1-to-1 marketing aimed at service improvement
- Utilization of the official ENEOS app and AI support for service station earnings
- Proposal of ancillary services optimal for service stations based on service station conditions
- AI recommendation based on marketing/sales data analysis

#### Management

- AI prediction of management indicators
- Risk management using AI prediction
- Utilization of AI in investment management operations
- Introduction of AI agents for business management

#### Administration

- AI auditing, internal control, legal affairs, review of regulations
- Optimization of personnel allocation and training
- Enhancement of budget planning / automation of financial management
- Automation of IT operations

#### R&D

- Development of new materials utilizing atomic simulations (Matlantis)
- Advanced R&D in automated testing analysis, patent analysis, etc.
- Power generation volume forecasting AI and optimal control of EMS<sup>1</sup>
- Wind power generation anomaly detection

### What is necessary to make tomorrow's normal a reality

Data preparation for AI utilization

Identification of best solutions

Personnel able to complete projects



Data utilization



Digital technology capabilities



Digital and IT personnel



Security

Four driving forces to be strengthened during the Fourth Medium-Term Management Plan period



# Portfolio Restructuring: Enhancing Investment Management

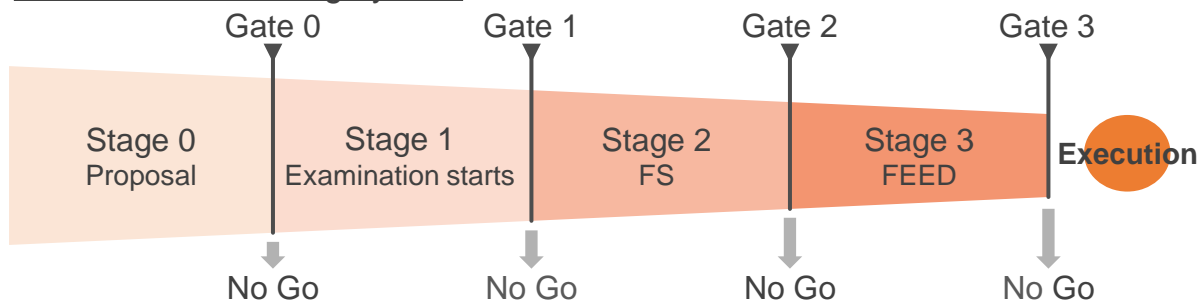
- Strengthen system for careful selection of investments and maximization of returns for portfolio restructuring

## Reorganization of investment screening system

➤ Aim to reduce investment by 5% through investment screening (improve capital efficiency)

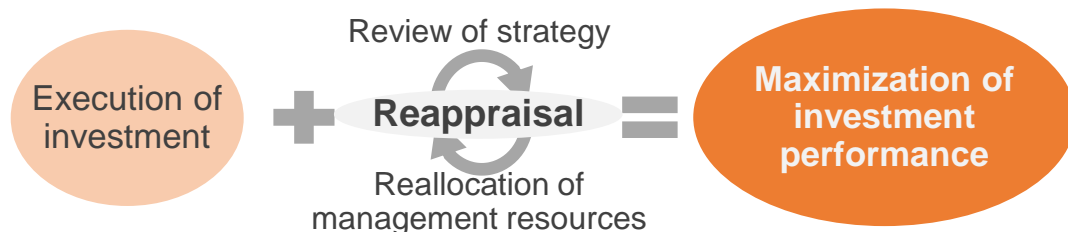
- Strengthen the holding company's screening system (establish an investment screening team) and apply uniform investment screening rules to all investment projects
- Define detailed requirements at each gate, and **conduct comprehensive screening through third-party reviews and functional reviews by CxOs**
- Add additional intermediate gates for projects that are particularly important in corporate management, and conduct strict investment screening

### Investment screening system



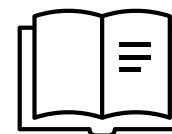
## Investment reappraisal

- Organize guidelines for **reappraisals** after a certain period following the execution of investment projects (start/closing)
- Analyze the gap between the initial plan and current status, and take necessary measures, including reviewing business strategies and reallocating management resources, to **maximize investment performance**



## Establishment of PMI (PMI: post merger integration)

- M&A is extremely important as a means of promoting portfolio transformation to achieve the Long-Term Vision.
- In M&A, **PMI is particularly vital for success to maximize synergies and managing risks after acquisition.**



- New PMI Guidelines were established** in FY2024 to improve PMI quality.  
Strengthen the holding company's PMI system (establish a new PMI promotion team) and link this system with the gate system to utilize it for both promotion and screening in the future



- Implement human resources strategy enabling the realization of portfolio restructuring (see p. 32)
  - In particular, focus on developing strong leaders who can overcome uncertain times (succession management), thoroughly implementing job-based talent management centered on the pursuit of expertise, and fostering a corporate culture where employees can work comfortably and with pride

## Realization of portfolio restructuring

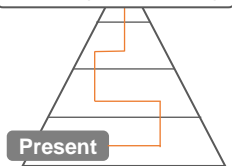
### Strengthening leader development (succession management)

Strengthen operational effectiveness of strategic selection, development, and appointment processes of personnel who will lead Group management for the next generation

#### ● Selection and development

Clarify selection criteria and perform fair recruitment to implement **strategic HR development from an early stage**

Goal (CxO, etc.)



Assigned to ●● project  
Transferred to ▲▲ division  
Seconded to ◆◆

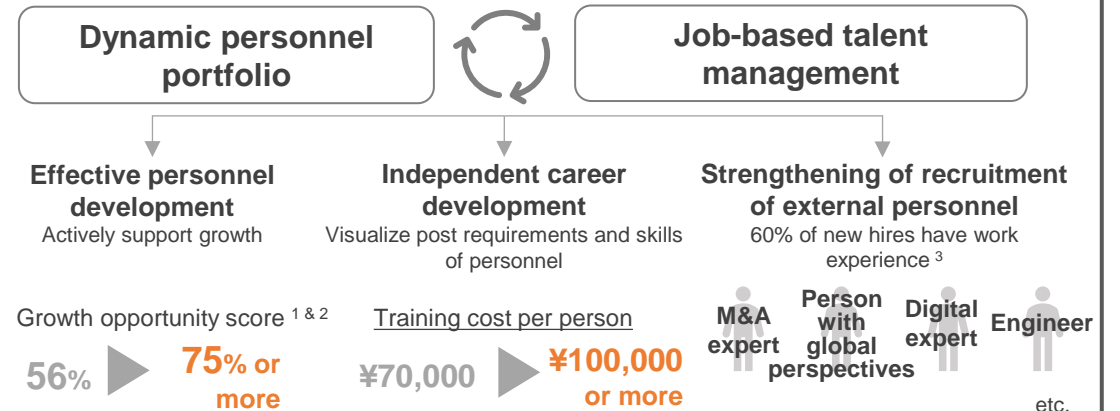
#### ● Appointment

Visualize the **capabilities of the entire management team**, and select successors through effective discussions

Requirements	X	Y	Z	...
Current employee				
Candidate A				
Candidate B				

### Thorough job-based talent management

Establish a future personnel portfolio and thoroughly implement talent management centered on assignment of the right person to the right job to resolve gaps



Impact through operation

### Fostering a corporate culture where employees can work comfortably and with pride

Job satisfaction score <sup>1</sup>



69%



**75% or more**

Work environment score <sup>1</sup>



68%



**75% or more**

Health <sup>2</sup>  
(Presenteeism <sup>4</sup>)



20.4%

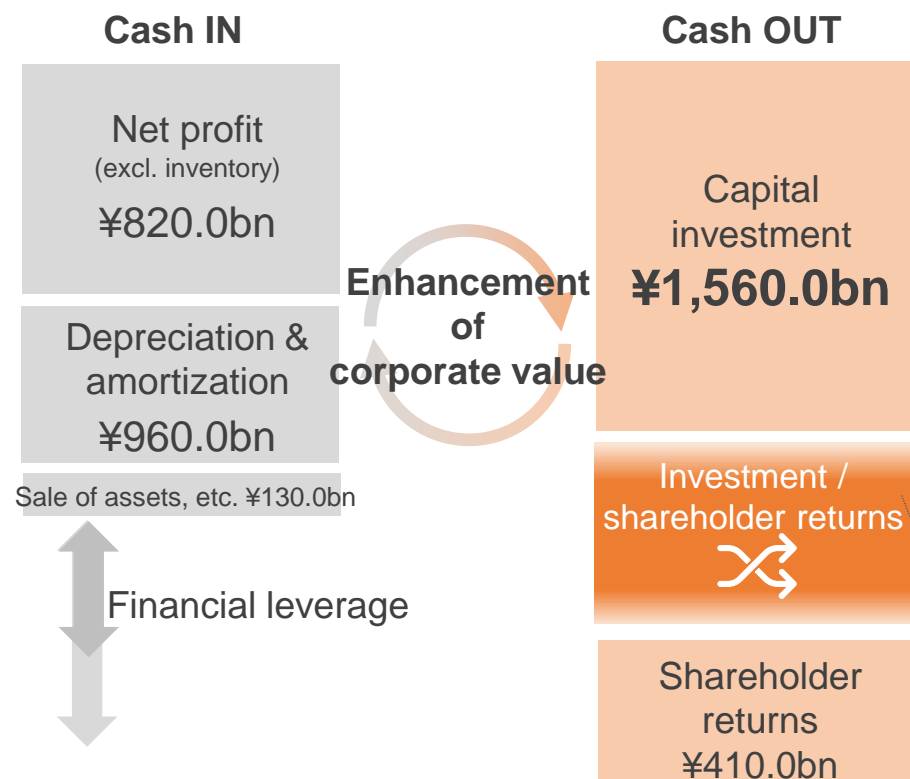


**20% or lower**

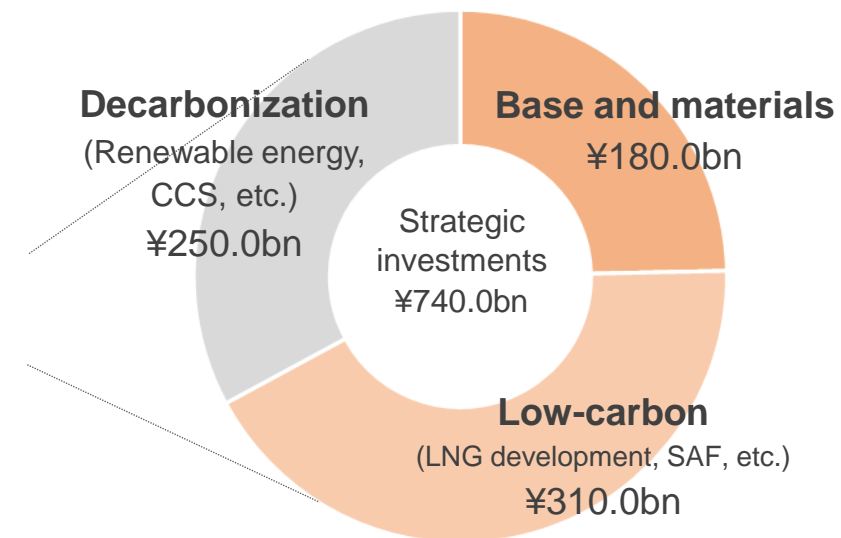
# Financial Plan: (1) Cash Allocation

22

## 3-Year Cash Allocation for the Medium-Term Management Plan



### Breakdown of capital investment over 3 years



### Allocation Management

- Execute flexible and strategic cash allocation to selective strategic investments, including M&A, or additional returns (around ¥500.0-1,000.0bn)
  - Ensure flexibility even in an uncertain business environment

## Financial discipline (Net D/E ratio <sup>1</sup>)



### Approach to establishing financial discipline

- Determined after comprehensively considering the perspectives of **maintaining the current credit rating and the need to reduce the cost of capital.**

<sup>1</sup> Based on disclosures by other companies, including lease liabilities and excluding non-controlling interests from the Fourth Medium-Term Management Plan (including hybrid bonds)

## Financial Plan: (2) Shareholder Returns

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- **FY2025 dividend policy:** Based on our determination to realize the 4th Mid-Term Mgmt. Plan, determined a dividend per share of ¥30
- **Return Policy in the 4th Mid-Term Mgmt. Plan:** Progressively increase dividends based on financial results, starting from ¥30yen/share dividends

On average over the 3-year period, 50% or more of net income excl. the impact of inventory valuation effects will be returned through dividends and share buybacks. (No change to the approach in our Basic Policy and Return Policy below.)

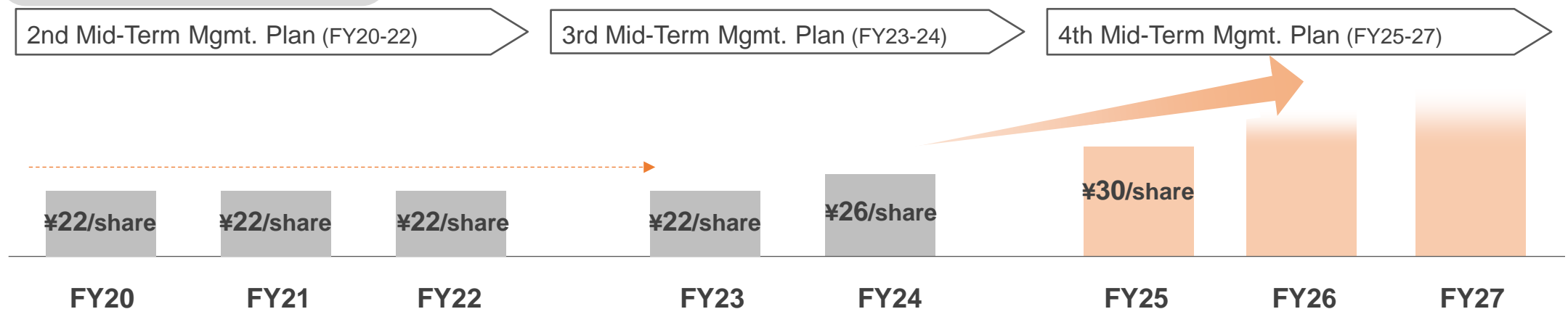
Return Policy: **Returning profits to shareholders continues to be an important management issue.**

With the basic policy of implementing returns reflecting medium-term consolidated performance and forecasts, strive to **continue to provide stable dividends**.

Capital Policy: Secure sufficient financial soundness and liquidity to withstand resource price volatility and other business risks and enable procurement of capital for sustained investment in growth.

Based on the above, utilize constant financing to maintain an optimal capital structure and capital costs.

### Historical Dividends



## Supporting “today’s normal,” taking the lead for “tomorrow’s normal”

**We continue to support everyday life with tireless efforts and strong leadership.**

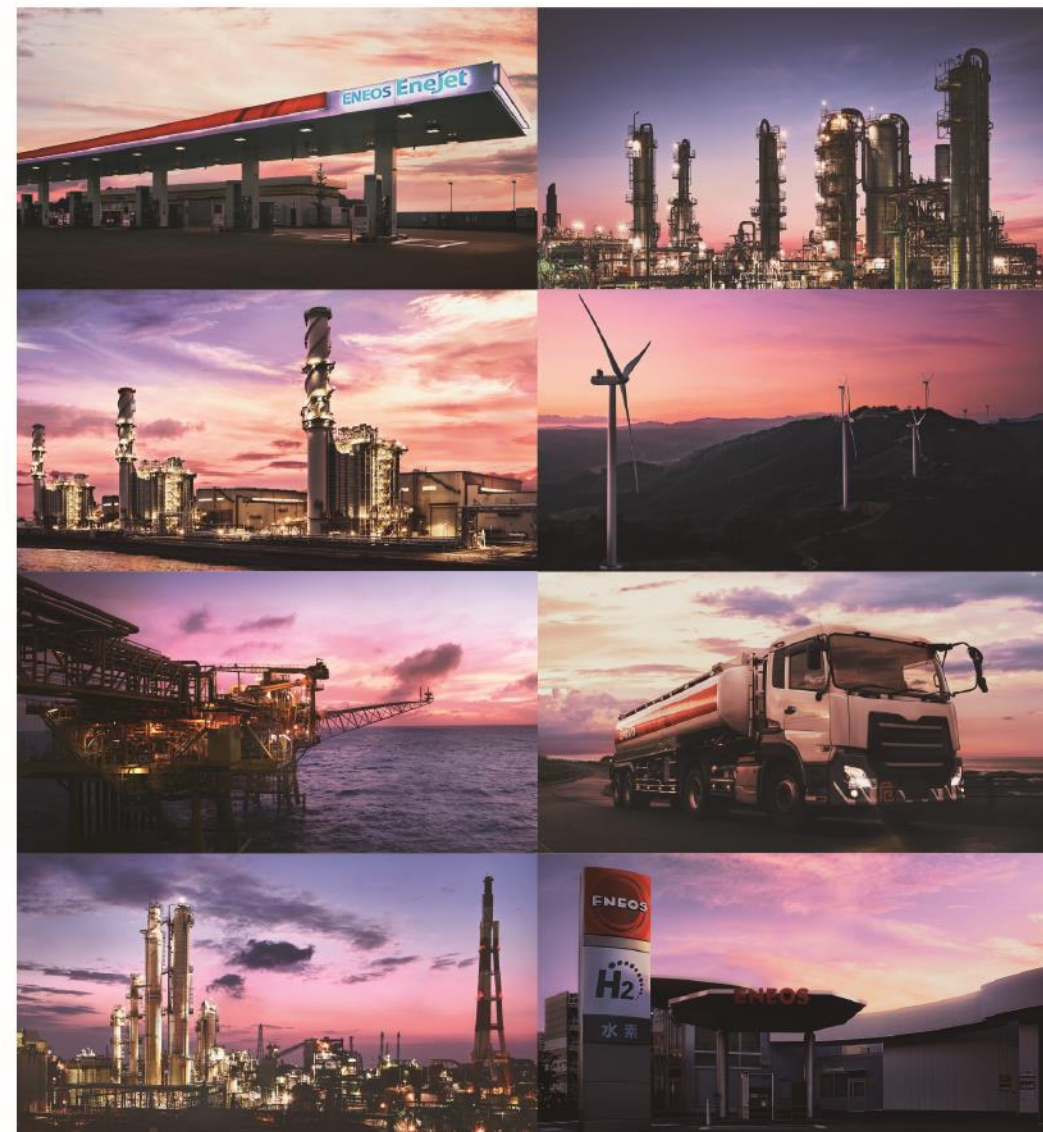
**We take action for positive change and continue to take on challenges, while pursuing every possible combination of the strengths of diverse people, technologies, and ideas.**

“Today’s normal” in our day-to-day lives—its presence is anything but ordinary.

From the time when “today’s normal” life was not ordinary, the ENEOS Group has always been a frontrunner, committed to developing and supplying energy and materials essential to the everyday life of each age.

Now, we aim to achieve “tomorrow’s normal,” a decarbonized, recycling-oriented society, where next-generation energy, materials and services are essential.

We will continue to take the lead in creating and innovating “tomorrow’s normal” to be a corporate group that is trusted by and indispensable to society.



▶ For details, please refer to the press release announced today

## 4 FY2025 Carbon Neutrality Plan (excerpt)

With the aim of realizing a carbon neutral society, in addition to reducing the ENEOS Group's greenhouse gas emissions, we will promote energy transition and a circular economy to contribute to the reduction of society's greenhouse gas emissions. Based on the Fourth Medium-Term Management Plan, we have updated the Carbon Neutrality Plan as a roadmap to pursue the above.



# ENEOS Group Carbon Neutrality Policy

The ENEOS Group will promote various initiatives in line with the Carbon Neutrality Policy for the entire Group in order to realize its Long-Term Vision.

## ENEOS Group Long-Term Vision

The ENEOS Group is taking on the challenge of achieving both a stable supply of energy and materials and the realization of a carbon-neutral society.

## ENEOS Group Carbon Neutrality Policy

We will promote initiatives that contribute to the energy and materials transition and the circular economy, while promoting measures to reduce greenhouse gas emissions in the ENEOS Group and taking into consideration social issues such as biodiversity.

In pursuit of realizing a carbon-neutral and circulating society in step with the government and society, the ENEOS Group will continue to create “tomorrow’s normal” based on the principle of S+3E.<sup>1</sup>

We will respond to the changing demands of our customers and society as the times change, and promote initiatives to prepare for multiple societal scenarios in a rational manner so as to reliably deliver the energy and materials needed.



<sup>1</sup> The basic energy policy of the Japanese government. With Safety as a major premise, it aims to simultaneously achieve Energy Security, Economic Efficiency, and Environment.

# Policies on Initiatives for the Realization of a Carbon-Neutral Society

We will pursue the reduction of our greenhouse gas emissions while actively contributing to the reduction of greenhouse gas emissions in society.

## Policies on initiatives for the realization of a carbon-neutral society

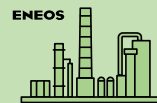
Reduction of  
our greenhouse  
gas emissions<sup>1</sup>  
(Scope 1+2)



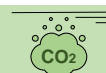
Contribution to  
the reduction of  
greenhouse  
gas emissions  
in society  
(Scope 3, avoided  
emissions)



Mitigation of greenhouse gas emissions



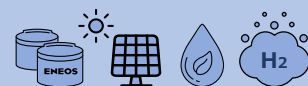
Reduction through CO<sub>2</sub> fixation



Enhancement of the biogenic CO<sub>2</sub> removals



Promotion of energy and materials transition



Promotion of a circular economy



## ENEOS Group measures

- Appropriate processing of crude oil (according to demand)
- **Reduction of greenhouse gas emissions in manufacturing and business operations (energy saving, fuel conversion, utilization of renewable energy, etc.)**
- Utilization of carbon credits and other similar mechanisms<sup>2</sup>
- **CCS (Carbon dioxide capture and storage)**  
(Including new methods such as BECCS<sup>3</sup> and DACCS<sup>4</sup>)
- Generating carbon credits through **removal by forests** and other similar methods<sup>5</sup>
- **Promotion of low-carbon fossil fuels and products**  
(LNG and avoided emissions products)
- **Expansion of renewable energy** (solar and wind power)
- **Utilization of resources such as biomass** (biofuels and bio-based materials)
- **Decarbonization of fossil fuels** (CCS for other companies and CDR<sup>6</sup>)
- **Utilization of hydrogen** (hydrogen and synthetic fuels<sup>7</sup>)
- **Promotion of resource recycling**
- **Resource conservation**, promoting environmental contributions' value, etc.

<sup>1</sup> This includes initiatives of both reduction and removal actions. Removal is conducted as a mitigation activity outside the value chain. These activities are also applied to offset the operational emissions through the generation of credits.

<sup>2</sup> This includes non-fossil certificates and other similar mechanisms. <sup>3</sup> Bioenergy with carbon capture and storage. Capture and storage of CO<sub>2</sub> emitted during biomass power generation <sup>4</sup> Direct air capture with carbon storage. Direct capture and storage of CO<sub>2</sub> from the atmosphere

<sup>5</sup> This includes biogenic CO<sub>2</sub> removals and emission mitigation methods such as blue carbon and rice paddy methane suppression in addition to afforestation and forest management. <sup>6</sup> Carbon dioxide removal <sup>7</sup> This includes bio-derived fuels.

# Presumed Societal Scenarios

To respond more flexibly to uncertainties, we have presumed three societal scenarios and aim to enhance the resilience of our carbon-neutral strategy.

## ENEOS Group’s presumed societal scenarios

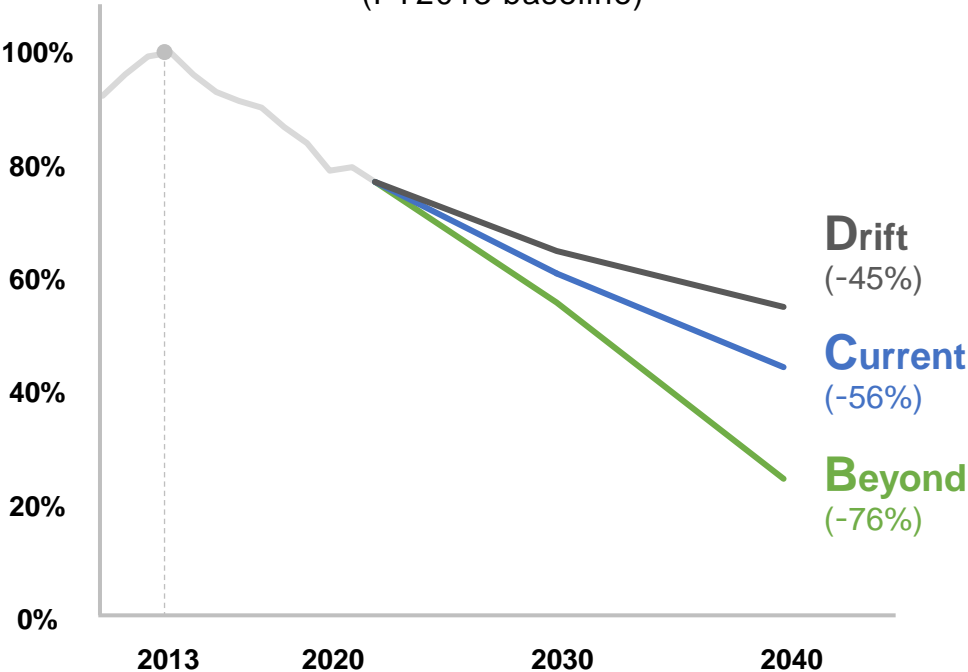
Assuming uncertainty in the future business environment, we have presumed three societal scenarios.<sup>1</sup> Amid the increasing uncertainty surrounding climate change, we aim to capture global trends and respond swiftly to future trends.

		Societal trends	Energy trends	Global average temperature <sup>2</sup> (2040)	Global emissions <sup>3</sup> (2040)
Progress of a carbon-neutral society ↓	Drift scenario	Prioritization of economic development due to intensifying regional conflicts	Continued use of fossil fuels such as oil, prioritizing national economies	+3.0 to 4.0°C	+8%
	Current scenario	Limited progress in decarbonization, mainly in leading regions	Progress in low-carbon measures such as LNG and biofuels, centering on developed countries	+2.0 to 2.5°C	-24%
	Beyond scenario	Accelerated progress in decarbonization through international cooperation (in addition to significant technological advancements)	Significant advances worldwide in improving the economic efficiency of decarbonization through innovative technologies.	+1.5 to 2.0°C	-62%

## Presumed emission reduction pathways in each scenario (in Japan)

We will formulate a resilient carbon-neutral strategy based on the emission reduction pathways corresponding to each scenario.

Japan’s greenhouse gas emissions (FY2013 baseline)



1 This is a summary of future projections based on the IEA WEO2024 and IPCC Sixth Assessment Report, and it does not indicate the emission reduction targets or strategies of the ENEOS Group towards achieving carbon neutrality.  
2 Based on the average temperatures between 1850 and 1900 3 Uses emissions from 2020 as the base year

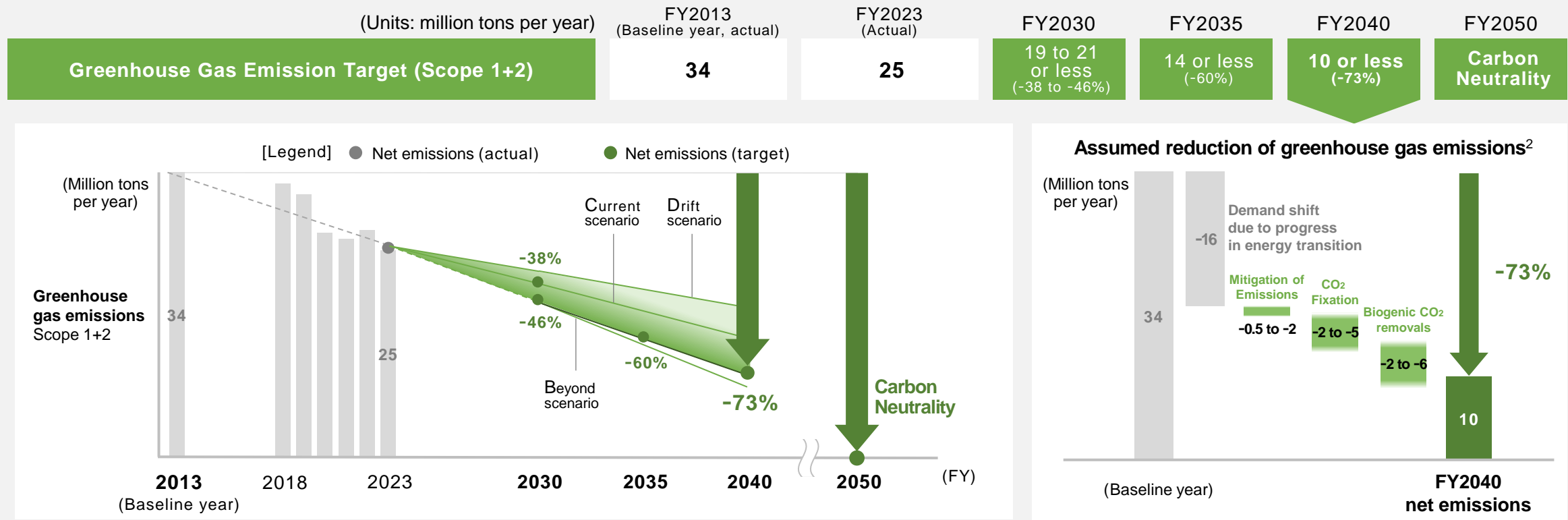


# Reduction of ENEOS Group's Greenhouse Gas Emissions

To achieve carbon neutrality by 2050, we will promote the reduction of our greenhouse gas emissions together with the government and society.

Reduction of our  
greenhouse gas emissions<sup>1,2</sup>  
(Scope 1+2)

The ENEOS Group, together with the government and society, will promote the reduction of its greenhouse gas emissions. We aim to achieve a 73% reduction in line with the government's targets by FY2040 and carbon neutrality for operational emissions by FY2050.



1 Greenhouse gas emissions and emission targets may be adjusted as necessary, taking into account the application of future Sustainability Standards Board of Japan (SSBJ) Climate Standard.

2 Assumes that the external environment, including policies and regulations by the government and other parties, has been sufficiently developed to achieve Japan's NDCs across the entire nation.

# Contribution to the Reduction of Greenhouse Gas Emissions in Society

To respond to societal demands, we will lead the supply of energies and materials that contribute to the transition and a circular economy.

## Contribution to the reduction of greenhouse gas emissions in society (Scope 3, avoided emissions)

The ENEOS Group will lead the supply of energies and materials necessary for the transition to meet the societal demand for the reduction of greenhouse gas emissions, aiming to achieve carbon neutrality by 2050.

## Vision for FY2040 for achieving carbon neutrality by FY2050

Promotion of energy and materials transition	Promotion of low-carbon fossil fuels and products	<ul style="list-style-type: none"> <li>Stable supply of low-carbon energies such as LNG to support the transition</li> <li>Contributing to a low-carbon society through the spread of avoided emissions products</li> </ul>	Carbon intensity (CI) of supplied energy <sup>2</sup> (FY2020 baseline)	
	Expansion of renewable energy	<ul style="list-style-type: none"> <li>Establishing a revenue base through the development of renewable energy sources and effective utilization of supply-demand adjustments</li> </ul>		
	Utilization of resources such as biomass	<ul style="list-style-type: none"> <li>Expanding the adoption of low-carbon petroleum products through biofuels, bio-based materials, etc.                             <ul style="list-style-type: none"> <li>Full-scale introduction of SAF,<sup>1</sup> ethanol-blended gasoline, methanol, and biochemicals</li> </ul> </li> </ul>		
	Decarbonization of fossil fuels	<ul style="list-style-type: none"> <li>Building the CCS value chain and making it profitable</li> </ul>		
	Utilization of hydrogen	<ul style="list-style-type: none"> <li>Establishing a manufacturing and supply system with the top domestic market share</li> <li>Operation of commercial plants for synthetic fuels (including bio-derived fuels)</li> </ul>		
			-20 to -50%	
			Avoided emissions <sup>3</sup> (energy)	Avoided emissions <sup>3</sup> (materials)
			15 million tons-CO <sub>2</sub> e or more	3.5 million tons-CO <sub>2</sub> e or more
Promotion of a circular economy	Promotion of resource recycling and resource conservation	<ul style="list-style-type: none"> <li>Expanding product supply by utilizing recycled resources</li> <li>Contributing to resource conservation through materials and services</li> </ul>	Percentage of green chemicals <sup>4</sup>	Green lubricant production volume
			Up to 35%	Up to 200 thousand kL

<sup>1</sup> Sustainable aviation fuel <sup>2</sup> CI of supplied energy (index of CO<sub>2</sub> emissions [g] per energy supply [MJ]) reduction targets may be adjusted as necessary, taking into account the future application of SSBJ Climate Standard.

<sup>3</sup> The amount contributed to CO<sub>2</sub> reductions is estimated based on the GX League's guidelines for emission reduction measures consistent with the Ministry of Economy, Trade and Industry's technology roadmaps for each sector.

<sup>4</sup> Ratio of products made from green chemicals to ones made from crude oil processed by a naphtha cracker

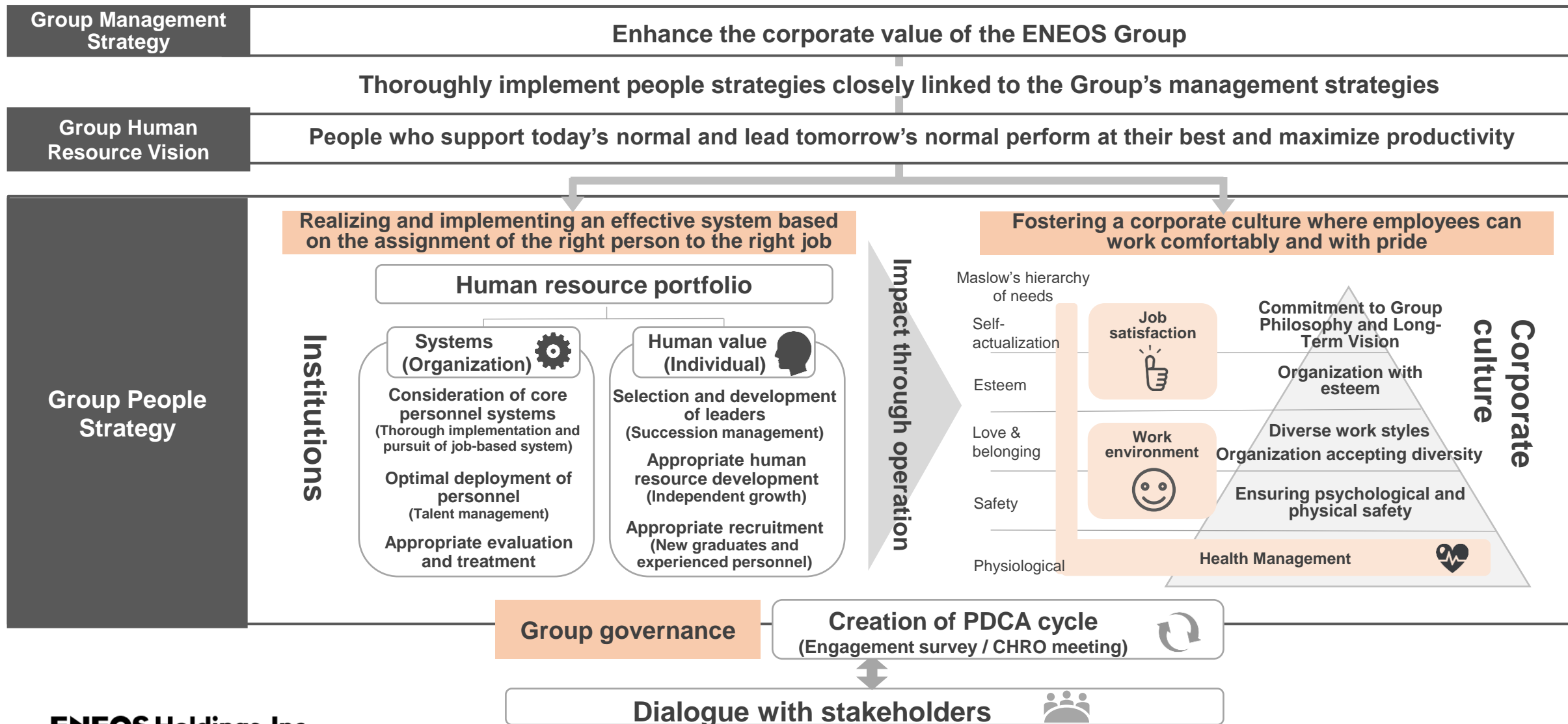
## 5

## Details of Human Capital Management

# Human Capital Management (Basic Approach of Group People Strategy)

32

- Thoroughly implement people strategies closely linked to the Group's management strategy, as human capital management.
  - Under highly effective Group governance, we will strongly promote initiatives based on the two pillars of “realizing and implementing an effective system based on the assignment of the right person to the right job” and “fostering a corporate culture where employees can work comfortably and with pride



# AI Utilization (Current Initiatives by ENEOS)

33

- Implementing advanced AI initiatives and will continue to accelerate further initiatives, including the consideration of AI utilization across all areas of operation

## Develop innovative materials

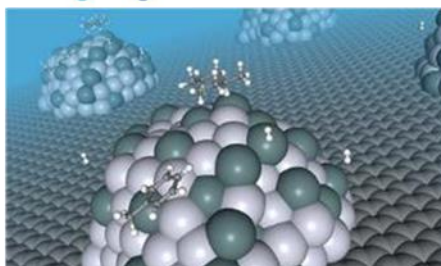


### Materials informatics <sup>1</sup>

Accelerate development of materials contributing to emission reduction in society from both internally and externally the company

- In collaboration with Preferred Networks, developed the Matlantis™ AI×Simulation platform, and started providing the new version (ver.7). Since the start of provision externally as a SaaS solution in 2021, more than 100 companies and organizations have adopted (Dec.2024).

 MATLANTIS



## Optimize power supply and demand



### EMS

Maximize the use of renewable energy by adjusting the balance of power supply and demand

- Building a virtual power plant (VPP) system for comprehensively monitoring and controlling resources such as storage batteries and Evs, and continue expanding VPP resources when required
- Utilize an optimal operation system (hammock®) equipped with proprietary AI to control large storage batteries (Aug. 2023)



## Enhance manufacturing processes



### Automated plant operation

Automate plant operations that are more stable and efficient than manual operations

- Successfully implemented AI-based autonomous operation of butadiene extraction equipment at Kawasaki Refinery's petrochemical plant (Jan. 2023)
- Achieved the world's first continuous automated operations in an atmospheric distillation unit, which is a large-scale oil refining plant (May, 2024)



## 6

# Assumptions and Financial Plan

# Assumptions and Profit by Division, etc.

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## Assumptions

		FY24	FY25	FY26	FY27
Exchange rate	(¥/\$)	153	140	150	150
Crude oil (Dubai)	(\$/B)	79	75	75	75

## Index Assumptions <sup>1</sup>

		FY24	FY25	FY26	FY27
Export diesel fuel	(\$/B)	14.4	17	17	16
PX	(\$/ton)	350	340	460	480
BZ	(\$/ton)	425	340	360	380

<sup>1</sup> Margins compared to crude oil (Dubai), same month

## Profit by Division <sup>2</sup>

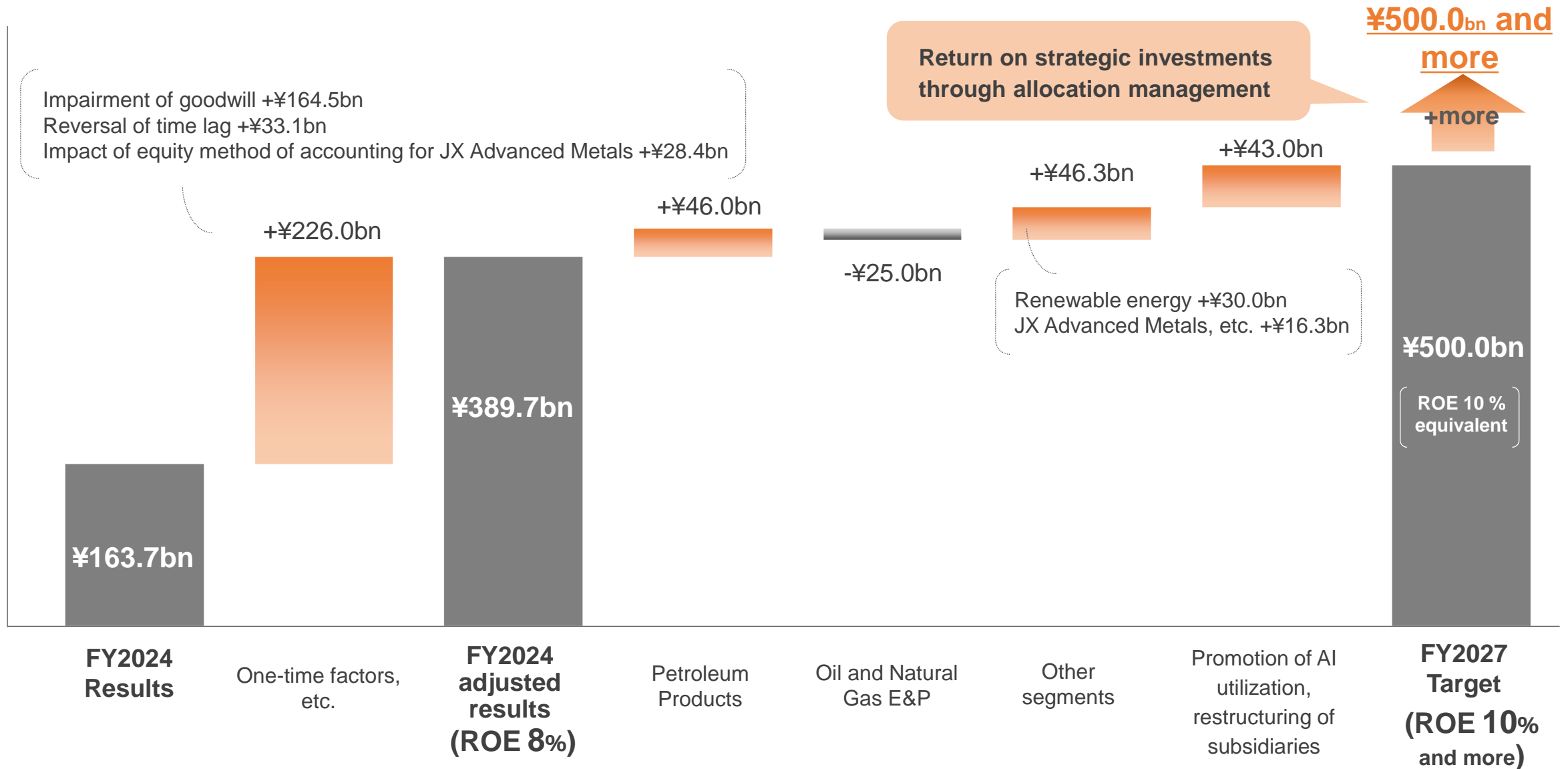
(¥bn)

	FY24	FY25	FY26	FY27
Petroleum Products	6.9	240.0	265.0	250.0
Oil and Natural Gas E&P	87.4	55.0	68.0	62.0
High Performance Materials	17.7	13.0	17.0	21.0
Electricity	21.0	23.0	14.0	20.0
Renewable Energy	-16.9	1.0	6.0	13.0
Other	313.2	78.0	80.0	91.0
Promotion of AI utilization, restructuring of subsidiaries	-	-	-	43.0
Total operating profit excl. inventory valuation	429.3	410.0	450.0	500.0
Total profit excl. inventory valuation	266.4	220.0	280.0	320.0

<sup>2</sup> Operating profit excl. inventory valuation (FY24 includes discontinued operations, which is the actual figures)

# Operating Profit Excluding Inventory Valuation

- Aiming for operating profit of ¥500.0 billion and more, excluding inventory valuation, to achieve ROE of 10%





# ROIC Targets

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	FY2024 Actual			
	(¥bn)	Adjusted operating profit	Invested capital	ROIC WACC <sup>1</sup>
Petroleum Products (excl. impairment of goodwill and time-lag)		136.6	3,466.0	<b>3.9%</b> 3%
Oil and Natural Gas E&P		59.5	456.9	<b>13.0%</b> 10%
High Performance Materials		12.5	183.3	<b>6.8%</b> 5%
Electricity		14.9	160.5	<b>9.3%</b> 2%
Renewable Energy		-11.9	485.0	<b>-2.5%</b> 2%
Excl. impact of plants under development		-7.0	377.9	<b>-1.9%</b>
JX Advanced Metals <sup>2</sup>		28.4	320.0	<b>8.9%</b> 6%
Other (excl. IPO of JX Advanced Metals)		35.1	438.4	<b>8.0%</b> 3%
Group total excl. one-time factors		275.1	5,510.0	<b>5.0%</b> 4%

FY2027 Target				
	Adjusted operating profit	Invested capital	ROIC	WACC
	180.0	3,420.0	<b>5.3%</b>	> 4%
	43.0	630.0	<b>6.8%</b>	<
Excl. projects not generating earnings in the period covered by the 4th Medium-Term Management Plan				8%
	43.0	400.0	<b>10.8%</b>	>
	15.0	210.0	<b>7.1%</b>	> 5%
	15.0	170.0	<b>8.8%</b>	> 5%
	9.0	600.0	<b>1.5%</b>	<
	17.0	530.0	<b>3.2%</b>	> 3%
	107.0	850.0	<b>12.6%</b>	> 6%
	369.0	5,880.0	<b>6.3%</b>	> 5%

# Initiatives to Achieve ROIC Targets

	Initiatives related to Return (ROIC)	Initiatives related to Invested Capital (ROIC)
Petroleum Products	<ul style="list-style-type: none"> <li>• Maximize efficiency by improving operation rate while pursuing new earning opportunities such as the overseas fuel oil business</li> <li>• Carefully select incubation projects considering strategic suitability, profitability, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Carefully select capital investment and focus on base and low-carbon businesses</li> <li>• Considering shutting down one Kawasaki ethylene unit</li> <li>• Decided suspending lubricant production at Yokohama Plant and considering relocation to another site</li> </ul>
Oil and Natural Gas E&P	<ul style="list-style-type: none"> <li>• Generate profits through steady operation of existing projects</li> </ul>	<ul style="list-style-type: none"> <li>• As seeds for the next Medium-Term Management Plan, make additional investments in Southeast Asia and Oceania</li> </ul>
High Performance Materials	<ul style="list-style-type: none"> <li>• Expand SSBR sales to exceed market growth rate</li> </ul>	<ul style="list-style-type: none"> <li>• Improve capital efficiency by lowering inventory and carefully selecting strategic investments</li> </ul>
Electricity	<ul style="list-style-type: none"> <li>• Maximize profits after the start of operations at the Goi Thermal Power Station and establish a foundation for stable earnings</li> </ul>	<ul style="list-style-type: none"> <li>• Careful selection of strategic investments</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Gain earning opportunities through the installation of storage batteries</li> </ul>	<ul style="list-style-type: none"> <li>• Shift focus from expanding power sources to capital efficiency, considering rising construction costs</li> </ul>
All Segments	<ul style="list-style-type: none"> <li>• Dramatically improve operational efficiency and streamline the organization through the utilization of AI</li> <li>• Restructure the organization and systems of Group companies</li> </ul>	<ul style="list-style-type: none"> <li>• Restructure the organization and systems of Group companies</li> </ul>

# Capital Investment Plan for Each Segment

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Total capex over 3 years

(¥bn)	Strategic investments	Business maintenance investments	<u>Total</u>	
Petroleum Products	240.0	510.0	<u>750.0</u>	<ul style="list-style-type: none"> <li>Construction of SAF production and supply system</li> <li>Expansion of facilities to increase jet fuel production</li> </ul>
Oil and Natural Gas E&P	300.0	170.0	<u>470.0</u>	<ul style="list-style-type: none"> <li>Strengthening of natural gas business</li> <li>Implementation of CCS in Japan and overseas</li> </ul>
High Performance Materials	10.0	50.0	<u>60.0</u>	<ul style="list-style-type: none"> <li>SSBR / battery binder capacity expansion</li> </ul>
Electricity	30.0	10.0	<u>40.0</u>	<ul style="list-style-type: none"> <li>Building VPP system and strengthening existing power plants</li> </ul>
Renewable Energy	130.0	10.0	<u>140.0</u>	<ul style="list-style-type: none"> <li>Promotion of projects under development (solar and onshore wind power)</li> <li>Entry into solar storage battery business</li> </ul>
Other	30.0	70.0	<u>100.0</u>	
Group total	740.0	820.0	<u>1,560.0</u>	

## Investment plan for each year (¥bn)

FY2025	630.0
FY2026	460.0
FY2027	470.0
<b>Total</b>	<b>1,560.0</b>

(Notes)

Plans, forecasts, strategies and other non-historical facts contained in these materials are forward-looking statements based on information available at the time of preparation and are subject to various risks and uncertainties. Actual figures and indicators related to business performance and management may differ significantly from these forecasts due to changes in the business environment and other factors.

In addition, information related to companies other than our company and our group that is described in this document has been derived from public information and third-party sources, and we do not guarantee the accuracy of this information.