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## ■ ENEOS Holdings (5020) FY2025 Small Meeting with Investors and Outside Directors: Q&A

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1. Date and Time: Friday, March 13, 2026, 2:00 PM–3:00 PM, 3:30 PM–4:30 PM
  2. Company Attendees: Outside Directors Kawasaki Hiroko and Makaya Hisanori
  3. Number of investor companies in attendance: 10
  4. Main topics of discussion: As follows
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— This document contains forward-looking statements. Please refer to the disclaimer at the end. —

**Q. Why did you accept the position of outside director at ENEOS Holdings? In what specific areas can you contribute using your expertise?**

**A. (Kawasaki)** Based on my experience, I have come to realize that society changes through the transformation of infrastructure. I believe that as an infrastructure company, we have contributed to people's happiness and social stability. However, as the energy transition becomes increasingly urgent, the company is in need of a breakthrough, and I felt that I could help drive this shift in mindset at this critical juncture. I recognize that this cannot be achieved overnight, but as an outside director, I intend to work closely with the CEO to tackle the company's medium- to long-term transformation.

(Makaya) Although I hesitated at first due to the cases of misconduct that occurred over two consecutive years, I sensed a strong commitment by management to reform and recognized the necessity of transformation for the company. I accepted the position because I believed I could contribute by leveraging the insights I gained from portfolio restructuring in my previous role. In particular, I judged that there is potential to generate significant cash flow through the streamlining of existing businesses and improvements in refinery utilization rates, and that I could contribute to pursuing business opportunities in the long-term energy transition.

**Q. Regarding the allocation management framework, when the Board of Directors decides on the allocation of funds for M&A, investment projects, and shareholder returns, from what perspective do you, as outside directors, scrutinize the executive team's proposals?**

**A. (Makaya)** We place great importance on balancing (1) growth investments, (2) investments to strengthen and streamline existing businesses, and (3) shareholder returns. For example, resource development in Southeast Asia is a critical initiative that contributes to both securing a stable supply and achieving sustainable growth as a core company supporting Japan's energy supply, and we are currently reviewing multiple projects. While we are currently prioritizing growth and moving forward with investments, we will continue to pay attention to maintaining a balance with shareholder returns.

**Q. I understand that the majority of ENEOS Holdings' market capitalization is currently held in cash and cash equivalents or securities. I believe there is room to enhance enterprise value per share by redirecting these assets toward growth investments or share buybacks. Furthermore, from the perspective of improving capital efficiency, I would like to hear your views on how, as outside directors, you approach the level of cash and deposits, the policy for reducing strategic shareholdings and securities holdings, the prioritization of investment versus shareholder returns, and the decision-making timeline, as well as how these matters are discussed and supervised by the Board of Directors.**

**A. (Kawasaki)** As outlined in the Medium-Term Management Plan, our policy of prioritizing growth investments and shareholder returns to achieve a 10% ROE remains unchanged. Growth investment is a critically important management issue, and the Board of Directors requires management to constantly identify investment opportunities and pursue growth opportunities. We also receive regular reports on

the status of growth investment considerations at each operating company. In particular, to ensure thorough discussion based on strategic alignment with our business and risk-return analysis, we have introduced a stage-gate system that divides the investment screening process into multiple stages, with deliberations conducted at each stage. The Board of Directors continuously evaluates the effectiveness of this system and will continue to provide appropriate oversight. We are also steadily proceeding with the review of our securities portfolio. Regarding the listing of JX Advanced Metals, the stock price has remained at a level significantly higher than its initial listing price, and we view this as an indication that the market has given the company a positive evaluation.

(Makaya) We believe that proactive investment in businesses with significant growth potential, such as overseas resource development, will contribute to maximizing our corporate value. Furthermore, our existing businesses still suffer from inefficiencies stemming from a lack of sufficient investment in the past. We recognize that investments in facility maintenance aimed at improving refinery utilization rates, among other initiatives, offer significant potential for generating cash flow and will also contribute to enhancing shareholder value. While keeping investment returns in mind, we are currently in a phase of continuing aggressive investment, and we expect capital requirements to lead the way. Regarding cash and cash equivalents as well as investment securities, we will strive for their efficient utilization. Regarding shareholder returns, we will maintain a total payout ratio of 50% or higher to meet shareholder expectations.

Q. Given that the company has recorded substantial impairment losses in the past, there is a view in the stock market that the pattern of recording large amounts of goodwill, followed by impairment or concerns about impairment, may repeat itself. To dispel such concerns regarding future large-scale investments, what specific areas are you focusing on as outside directors in terms of oversight and advice?

A. (Kawasaki) We acknowledge that, as you pointed out, we have recorded impairment losses as a result of past investments. Based on this reflection, we introduced a stage-gate system after transitioning to the current management structure and now conduct rigorous investment screenings across four stages. We have established a system that sets an IRR based on WACC for each business to ensure rigorous investment selection and maximize returns. Our outside directors include members with extensive investment experience. To ensure thorough discussion, we have increased the frequency of reports to the Board of Directors and ask management to provide explanations during cold-eye reviews. Furthermore, we encourage active participation in discussions to incorporate diverse perspectives, aiming to lead to more effective investment decisions.

(Makaya) Looking back at our history, we recognize that because the Group has placed a high priority on the autonomous management of each company even after acquisitions, post-merger integration (PMI) has not always been sufficient. As a result, we have been unable to fully realize the synergies originally anticipated, and in some cases, this has led to impairment losses. Currently, we conduct rigorous screenings of all major investment projects within the Group using a stage-gate system. We perform detailed risk analyses and ensure that this information is fully shared with outside directors. As an outside director, I strongly recognize the importance of PMI. I am advising the company to review its current Group management methods and implement more proactive Group management, such as dispatching core personnel under the strong leadership of ENEOS Holdings and strengthening cross-Group functions (CxO system).

Q. What do you consider to be the ideal business portfolio for ENEOS Holdings? Also, what do you consider to be the key points in transforming the business portfolio?

A. (Kawasaki) I believe the ideal business portfolio should be one that ensures a stable supply of energy while also being capable of responding to the major structural shift known as the energy transition. Currently, as progress toward carbon neutrality has slowed somewhat, we believe it is important to

increase the proportion of low-carbon energy businesses, such as LNG, for the time being. At the same time, we consider it essential to advance initiatives aimed at the demonstration and commercialization of decarbonization sectors, such as renewable energy, while taking into account technological trends and profitability.

(Makaya) In the medium to long term, it is necessary to shift toward low-carbon and decarbonized energy businesses, such as LNG and biofuels. However, given the remaining uncertainties regarding the timeline for achieving carbon neutrality, we believe it is important to continue investing in profitability improvement, with a focus on the oil refining and sales business for the time being.

Q. When formulating the Medium-Term Management Plan, which of the ENEOS Group's business areas did you consider to be strengths? Also, from what perspective are you currently overseeing management in those business areas?

A. (Kawasaki) While our high market share in the domestic petroleum market is a strength, we believe it is important to formulate a Medium-Term Management Plan that ensures this scale does not become a constraint as the energy transition progresses. We need to steadily improve the efficiency of our domestic oil refining and sales business while shifting toward low-carbon and decarbonized energy businesses.

(Makaya) Our company has room for further profit growth in the oil refining and sales business. By implementing appropriate measures, we can enhance our cash flow generation capabilities and channel those funds into investments in alternative energy. We recognize that our strong position in the domestic oil market is a key strength in realizing this virtuous cycle.

Q. How far along are discussions regarding the level of corporate value? How much cash will be generated by improving refinery utilization rates, and how do you evaluate the profitability resulting from these improvements?

A. (Makaya) We view a PBR of 1x as a milestone. Currently, refinery utilization rates have not yet reached sufficiently high levels; we expect to generate significant cash by restoring these rates to around 90%. It is crucial to efficiently reinvest the generated cash to enhance corporate value, and we are proceeding with strategic planning that prioritizes cash generation. However, we recognize that more in-depth discussions are needed regarding specific numerical targets for the PBR.

Q. Regarding responses to climate change and the achievement of carbon neutrality, how are internal future scenarios being examined and their feasibility monitored?

A. (Kawasaki) In line with our Medium-Term Management Plan, we have formulated a basic plan (the Carbon Neutrality Plan) for the ENEOS Group to achieve carbon neutrality based on multiple future scenarios. In monitoring progress toward achieving this plan, we are proceeding under the assumption that CO<sub>2</sub> will be priced through the introduction of GX-ETS, and we are discussing the necessary investments to reduce the need for credit purchases.

(Makaya) Outside directors receive regular reports on the progress of the Carbon Neutrality Plan. We understand that if we determine that investment is insufficient from the perspective of achieving the 2040 and 2050 targets, we are expected to urge the execution of necessary investments.

Q. It has been a year and a half since the stage-gate system was introduced. Do you feel that it took time for management to understand and implement it? Do you believe the system is proving effective in practice, and what are the current challenges? Are you monitoring metrics such as the pass rate?

A. (Kawasaki) We recognize that, particularly in the early stages of implementation, it took time for the business divisions on the operational side to understand and implement the system. The Board of

Directors receives reports on projects that have passed through the stage gates and are proceeding to execution, as well as on the status of their passage, and we are conducting continuous monitoring from the perspective of appropriate operation and effectiveness.

(Makaya) We recognize that the introduction of the stage-gate system has shifted project selection toward a more return-focused perspective. Additionally, discussions regarding PMI plans have intensified compared to the past, and we assess that the effects of the system's introduction are steadily becoming apparent.

Q. In the investment screening process, what kind of discussions do you encourage the executive team to have regarding projects that do not meet the hurdle rate?

A. (Makaya) While we use quantitative criteria such as the hurdle rate in investment screening, we do not rely solely on these figures; rather, we believe it is important to make comprehensive judgments that take into account the future value of the project, its contribution to the company, and its alignment with our strategy. As an outside director, I encourage multifaceted discussions that include strategic alignment and PMI outlooks in addition to numerical criteria.

Q. The proportion of management positions held by individuals from specific companies has risen significantly recently. Could this lead to bias or issues regarding future succession? As outside directors, what points do you pay attention to in order to ensure stable organizational operations and a smooth future succession?

A. (Kawasaki) As outside directors, we are selecting and evaluating candidates for future succession across business areas and job categories. We do not limit our selection to individuals from specific companies; instead, we prioritize their past experience, potential, and ability to demonstrate leadership with a broad perspective on the ENEOS Group as a whole. However, we are no longer in an era where a single individual can shoulder management responsibilities alone; the importance of managing as a team is increasing. From this perspective, in addition to individual capabilities, the overall strength of the management team is also a key evaluation criterion.

Q. I believe it is necessary to formulate and disclose a succession plan, centered on the Nomination Advisory Committee, to enhance transparency in the appointment of directors, particularly top management. I would like to hear the views of the outside directors on this point.

A. (Kawasaki) The development and selection of personnel to lead the company is a critical management issue for our sustainable growth. While our Medium-Term Management Plan identifies portfolio restructuring as one of its pillars, the presence of strong leaders is indispensable for its realization, and we anticipate that this situation will continue for the foreseeable future. Furthermore, management is not achieved by a single leader; the strength of the management team as a whole is also crucial. For this reason, we systematically organize and confirm the necessary personnel requirements from the perspective of which skills the team as a whole needs to complement. While we have disclosed our approach to leadership development in the Message from the CEO and the Message from the CHRO in the Integrated Report, we will continue to provide clear and understandable information to our stakeholders.

Q. Regarding the cartel case reported in the media, what are ENEOS Holdings' supervisory responsibilities and areas for improvement? How do you intend to fulfill your responsibilities for information disclosure and accountability?

A. (Kawasaki) The matter is currently under investigation, so information disclosure is limited; however, our company is overseeing the response of the company in question, ensuring it cooperates fully with the investigation, and providing guidance on future actions. An outside director has actually visited the company in question to conduct interviews with its executives. Furthermore, to fulfill our supervisory

responsibilities and identify areas for improvement, the ENEOS Group has long conducted regular compliance investigations. The results are reported to the Board of Directors, and we intend to further strengthen these efforts.

(Makaya) Going forward, our policy is to further enhance the effectiveness of our management of subsidiaries. Regarding information disclosure, we will respond carefully to the extent possible, taking into account the progress of the investigation.

Q. Regarding geopolitical risks, what discussions have taken place within the Board of Directors, and what kind of monitoring system is in place? Please tell us about the frequency of reports from management.

A. (Kawasaki) Given recent international developments, the importance and urgency of geopolitical risks have increased significantly. Led by the CRO (Chief Risk Officer), we are working to deepen our understanding of geopolitical risks and enhance our response capabilities. Reports on geopolitical risks are shared monthly with us outside directors as well, and efforts are being made to improve the accuracy of the entire Board's situational awareness. On the other hand, since we did not fully anticipate events such as the recent closure of the Strait of Hormuz, we frankly acknowledge the need to expand the scope of risks we assume.

Q. Regarding the use of AI, can it be applied to the core aspects of management, such as investment decisions, risk management, and decision-making? How is this discussed at the Board of Directors meetings?

A. (Kawasaki) The use of AI is steadily progressing in areas such as improving refinery operational efficiency and optimizing vessel operations. We recognize that AI is highly effective in tasks such as initial analysis based on large volumes of data and identifying targets for inspection through anomaly detection, and that its practical value is high when utilized as a preliminary step before human judgment. On the other hand, we do not currently envision entrusting final management decisions or investment decisions to AI alone. Based on the understanding that AI should be used in combination with human judgment, we are discussing this matter within the Board of Directors.

Q. Regarding cybersecurity, what are the response policies in the event of an actual incident, and what standards are required by the directors? Please explain the requirements regarding backup and recovery procedures, as well as the extent of mitigation measures.

A. (Kawasaki) The Board of Directors receives reports on response policies and other related matters and engages in discussions. However, given the increasing severity of damage caused by recent cyberattacks, we recognize the need to strengthen security measures not only for conventional critical risks, such as customer data leaks, but also for the broader system as a whole. Specifically, we will require management to implement more comprehensive measures than before, including multiple layers of backup, the decentralization of storage media and locations, and the establishment of a recovery system in the event of a cyberattack.

End

This notice contains certain forward-looking statements, however, actual results may differ materially from those reflected in any forward-looking statements, due to various factors, including but not limited to, the following:

- (1) macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries;
- (2) changes in laws and regulations; and
- (3) risks related to litigation and other legal proceedings.