(Translation)

Dear Shareholders:

Matters Subject to Measures for Electronic Provision upon Giving Notice of the 109th Ordinary General Meeting of Shareholders

Idemitsu Kosan Co.,Ltd.

Major business offices and plants (as of March 31, 2024):

(i) The Company:

Category	Offices
Head office	2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
Refineries	Hokkaido (Tomakomai-shi)
Complexes	Chiba (Ichihara-shi), Tokuyama (Shunan-shi), Aichi (Chita-shi)
Branch Offices	Hokkaido Branch (Sapporo-shi), Tohoku Branch (Sendai-shi), Kanto First Branch (Chiyoda-ku, Tokyo), Kanto Second Branch (Chiyoda-ku, Tokyo), Chubu Branch (Nagoya-shi), Kansai Branch (Osaka-shi), Chugoku Branch (Hiroshima-shi), Kyushu Branch (Fukuoka-shi)
Overseas offices	Middle East (Abu Dhabi), Hanoi (Vietnam)
Laboratories	Advanced Technology Research Laboratories (Sodegaura-shi), Lubricants Research Laboratory (Ichihara-shi), Performance Materials Laboratories (Ichihara-shi)

(ii) Subsidiaries:

Name	Address
Idemitsu Tanker Co., Ltd.	Chiyoda-ku, Tokyo
SHOWA YOKKAICHI SEKIYU CO.,LTD.	Yokkaichi-shi, Mie
TOA Oil Co., Ltd.	Kawasaki-shi, Kanagawa
Seibu Oil Co., Ltd.	Chiyoda-ku, Tokyo
Idemitsu Retail Marketing Co., Ltd.	Chuo-ku, Tokyo
Idemitsu Supervising Co., Ltd.	Chiyoda-ku, Tokyo
Idemitsu Energy Solutions Co., Ltd.	Chiyoda-ku, Tokyo
IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	Singapore
IDEMITSU APOLLO CORPORATION	Sacramento, U.S.A.
Idemitsu Unitech Co., Ltd.	Minato-ku, Tokyo
SDS Biotech K.K.	Chiyoda-ku, Tokyo
RS Renewables K.K.	Chiyoda-ku, Tokyo
Idemitsu Gas Production (Vietnam) Co.,Ltd.	Chiyoda-ku, Tokyo
IDEMITSU AUSTRALIA PTY LTD	Brisbane, Australia
IDEMITSU COAL MARKETING AUSTRALIA PTY LTD.	Brisbane, Australia
IDEMITSU ASIA PACIFIC PTE. LTD.	Singapore
Idemitsu Americas Holdings Corporation	San Jose, U.S.A.

Accounting auditors:

(i) Names of the accounting auditors:

Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc. payable to the accounting auditors for the fiscal year under review:

	Amount of remuneration, etc.
Amount of remuneration, etc. payable to the accounting auditors for the fiscal year under review:	¥220 million
Total amount of money and other proprietary benefits payable to the accounting auditors by the Company and its subsidiaries:	¥453 million

(Notes) 1. The amount of remuneration, etc. payable to the accounting auditors for audits under the Companies Act of Japan and the amount of remuneration, etc. payable foraudits under the Financial Instruments and Exchange Act of Japan are not separated in the audit agreement between the Company and the accounting auditors. Hence, the above amount of remuneration, etc. payable to the accounting auditors for the fiscal year under review includes both amounts.

2. The total amount of money and other proprietary benefits payable to the accounting auditors by the Company and its subsidiaries includes remuneration for services (non-auditing services), which are not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan, entrusted to Deloitte Touche Tohmatsu LLC.

3. Among the important subsidiaries of the Company, the overseas subsidiaries were audited by a certified public accountant or audit firm (including those who have an equivalent certification in a foreign country) other than the Company's accounting auditors.

(iii) Reasons for the Audit & Supervisory Board to consent to the remuneration, etc. of the accounting auditors:

The Audit & Supervisory Board obtained necessary materials and received reports from the relevant divisions of the Company and the accounting auditors, and confirmed and verified the content of the audit plan of the accounting auditors, the status of the execution of their account auditing duties, the basis for calculation of the remuneration estimate, etc. As a result, the Audit & Supervisory Board determined that the remuneration, etc. of the accounting auditors was appropriate and consented thereto pursuant to Article 399, paragraph 1 of the Companies Act of Japan.

(iv) Content of non-auditing services:

The Company has paid the accounting auditors remuneration for services (non-auditing services), including the advice regarding unification of fiscal terms, not covered by Article 2,paragraph 1 of the Certified Public Accountant Act of Japan.

(v) Policy on the determination of dismissal or non-reappointment of the accounting auditors:

In the event that there arises any problem with the performance by the accounting auditors of their duties or otherwise the Audit & Supervisory Board considers it necessary, it shall take a procedure to dismiss or not to reappoint the accounting auditors pursuant to the Companies Act of Japan.

Systems to secure the properness of business activities (so-called “internal control systems”) and the summary of the status of the operation of the systems:

[Systems to secure the properness of business activities (so-called “internal control systems”)]

With regard to basic policies on internal control systems, the Board of Directors has adopted resolutions as described below, for the systems to secure the properness of business activities.

In addition, the Board of Directors checks whether the internal control systems have properly been established and operated and revises them to make them more effective.

(i) Systems to secure the execution by the Directors and employees of the Company and its subsidiaries of their duties to comply with laws or ordinances and the Articles of Incorporation:

a) The Board of Directors of the Company shall, pursuant to the Regulations of the Board of Directors, determine important matters and supervise the execution of business.

b) Pursuant to the Compliance Rules, the Company shall establish a Risk Management and Compliance Committee to monitor the appropriate response to compliance concerns reported to the hotlines, etc., and to promote compliance activities for the Company and its subsidiaries.

c) Under the Code of Conduct for Compliance, the Company shall make use of the Compliance Book that sets action guidelines on compliance with law to raise awareness of compliance throughout the Group. In addition, the Company shall continuously provide education and training related to compliance throughout the Group.

d) The Company shall establish, and allow the employees, etc. of the Company and its subsidiaries in and outside Japan to make use of, hotlines for compliance consultation within and outside of the Company to help solve questions and problems with regard to compliance and to promptly identify, rectify and prevent any problems.

e) The Company shall make use of the General Affairs Department, which supervises and promotes structuring the internal control system and compliance activities of the entire company, and shall aim to strengthen coordination among management divisions and to reinforce initiatives to improve the maturity of internal controls.

f) The Internal Audit Department shall conduct audits to verify the appropriateness of business activities and the state of execution of business pursuant to the internalrules at each business division of the Company and its subsidiaries.

(ii) Systems concerning storage and management of information on the execution by the Directors of the Company of their duties:

Information on the execution by the Directors of their duties shall be stored and managed pursuant to the Regulations of the Board of Directors, the Circular Decision Document Handling Rules and other internal rules.

(iii) Regulations concerning management of exposure to the risk of loss of the Company and its subsidiaries and other systems:

a) The Company shall establish an Enterprise Risk Management Committee with the President acting as the Committee Chair where issues including potential management risks are discussed to respond to risks by projecting changes in the environment and their impact.

b) Pursuant to the Basic Manual for Risk Management, the Company shall establish a Risk Management and Compliance Committee to promote risk management activities.

c) Pursuant to the Rules on How to Deal with a Crisis and other internal rules, the Company shall take measures promptly and properly upon theoutbreak of any serious crisis to the Company or any of its subsidiaries.

d) Each department and affiliated company shall, pursuant to the Rules on Internal Control and Self-Management, make efforts to maintain and improve internal controls by implementing PDCA utilizing the Voluntary Inspection WEB System (SELCHE), an assistance tool, in relation to risks to the business. The Company shall develop and operate a system to assist their activities while monitoring the status thereof.

e) The Internal Audit Department shall, pursuant to the Internal Audit Regulations, conduct audits to verify the state of risk management by each business division.

(iv) Internal control over financial reporting:

a) Pursuant to the Regulations for Internal Control over Financial Report, the Company shall establish a system to ensure reliability of financialreporting of the whole Group and ensure adequate improvement and administration of internal control on financial reporting.

b) Pursuant to the regulations set forth in (a) above, the Company shall establish a Committee for the Evaluation of Internal Controls over Financial Reporting, which shall deliberate on and investigate matters concerning annual improvement and administration policies and evaluation plans, matters concerning the determination of the evaluation scope, matters concerning evaluation results, etc.

c) The Internal Audit Department shall conduct periodic evaluation of the effectivenessof internal control, as well as necessary improvements thereof.

(v) Severance of all relations with antisocial forces:

a) The Company shall deal with any person or group, including any crime syndicate and corporate racketeer, who engages in antisocial activities, violence and illegitimate demand in a resolute attitude and sever all relations therewith.

b) In the event that any antisocial force sets on, the Company shall resolutely refuse without giving in and act properly pursuant to the Manual for Measures against Antisocial Forces.

(vi) Systems to secure efficient execution by the Directors of the Company of their duties:

a) To secure efficient execution of business, the Company shall have Executive Officers.

b) Pursuant to the Rules concerning Approval Authority and the Regulations of Execution of Business, the Company shall clearly define the roles and authorities of the Board of Directors, Representative Directors and other Directors.

c) Pursuant to the Regulations of the Management Committee, as a deliberative body to plan and deliberate on strategies for group management and for smooth and proper decision-making of business execution, the Company shall establish a Management Committee in which the President acts as the Committee Chair. The members shall be determined by the Committee Chair after deliberation by the Personnel Committee. The Management Committee shall meet three times a month, in principle.

(vii) Systems to secure the properness of business activities of the corporate group comprised of the Company, its parent company and its subsidiaries:

a) In the Regulations for Affiliated Companies, the Company shall stipulate that the supervising departments shall have the responsibility for managing affiliates, and shall clarify the roles and functions that the supervising departments shall perform. In addition, specific management matters, decision standards, and matters to be reported by affiliated companies shall be set forth in the Appendix for Management Standards. The supervising departments and the affiliated companies shall make the necessary decisions and reports in accordance with the regulations above.

b) In the Regulations for Affiliated Companies, the Company shall provide a fundamental policy to the effect that "transactions with affiliated companies shall be based on market prices, in principle", to prevent conflicts of interest.

c) In the Regulations for Affiliated Companies, the Company shall provide for the rulesfor selection of Directors and Audit & Supervisory Board Members of its affiliated companies, pursuant to which the Directors of the Company shall not assume office of Directors of the affiliated companies, in principle.

d) Major affiliated companies shall build a system to strengthen management support and monitor functions related to internal controls of the affiliated companies by appointing full-time Audit & Supervisory Board Members or receiving at least one part-time Audit & Supervisory Board Member dispatched from the supervising departments' managers or the corporate departments.

e) The Company shall improve operational efficiencies by utilizing the Group-standard IT infrastructures.

f) The independence of quality assurance shall be ensured in light of the prevention of inappropriate activities for each business department and affiliated company, and the Group shall ensure the independence of quality assurance by utilizing the check-and-balance and supervisory functions of the Quality Assurance Headquarters.

(viii) Matters concerning the employees to assist the Audit & Supervisory Board Members of the Company toexecute their duties when the Audit & Supervisory Board Members request the assignment thereof:

The Company shall, upon request from the Audit & Supervisory Board Members, assign its employees as staff of the Audit & Supervisory Board's Secretariat to assist the Audit & Supervisory Board Members to execute their duties.

(ix) Matters to secure the independence of the employees set forth in (viii) above from the Directors and the effectiveness of directions given to the employees:

a) Staff at the Audit & Supervisory Board's Secretariat shall serve on a full-time basis. The final decision on personnel changes, evaluations, etc. of the Audit & Supervisory Board Member's staff shall be subject to consent of the Audit & Supervisory Board Members.

b) In the Organization Regulations, the Company shall provide for the duties of the Audit & Supervisory Board's Secretariat.

(x) System for reporting by the Directors and employees of the Company and its subsidiaries and the Audit & Supervisory Board Members of the subsidiaries to the Audit & Supervisory Board Members (the Audit & Supervisory Board) of the Company and other systems for reporting to the Audit & Supervisory Board Members of the Company:

a) The Directors, the Executive Officers, and the head of each department/office shall, pursuant to the Regulations of Execution of Business, report the specified matters to the Audit & Supervisory Board Members.

b) The Internal Audit Department shall, pursuant to the Internal Audit Regulations, report the results of audits to the Audit & Supervisory Board Members.

c) The Risk Management and Compliance Committee shall request the attendance of full-time Audit & Supervisory Board Members as observers, and shall share the state of consultations and measures at the Compliance Consultation Center, compliance concerns, etc. to the Audit & Supervisory Board Members appropriately.

d) The Directors and employees of the Company, and the Directors, Audit & Supervisory Board Members and employees of its subsidiaries shall promptly provide a report to the Audit & Supervisory Board Members of the Company if there is, or they receive a report of any fact that may cause substantial damage to the Company or its subsidiaries, any material fact that violates any laws and regulations or the Articles of Incorporation, and the like. In addition, the Audit & Supervisory Board Members of the subsidiaries shall report the matters related to the execution of their duties upon request of the Audit & Supervisory Board

Members of the Company.

(xi) System to ensure the prevention of unfair treatment of the person who has given a report under (x) above because of such report:

a) It shall be prohibited to treat unfairly the person who has given a report under (x) above because of such report.

b) The Company shall stipulate in the Compliance Book and the Rules for Compliance Consultation Center that any person shall not be treated unfairly because of consulting with the Compliance Consultation Center and shall make it thoroughly educated through training and other sessions.

(xii) Matters concerning the policy to pay expenses incurred by the Audit & Supervisory Board Members in executing their duties:

All expenses necessary for the Audit & Supervisory Board Members in performing their roles and duties, including audits of the execution by the Directors of their duties, election and dismissalof the accounting auditors, shall be borne by the Company.

(xiii) Other systems to ensure effective audits by the Audit & Supervisory Board Members (the Audit & Supervisory Board) of the Company:

a) The Representative Directors shall hold a regular meeting with the Audit & Supervisory Board Members quarterly, in principle.

b) The Internal Audit Department shall closely coordinate and cooperate with the Audit & Supervisory Board Members and the accounting auditors with regard to internal audit schedules, visiting audits, etc.

Note: The above system was resolved at the Board of Directors Meeting held on May 14, 2024, reflecting initiatives conducted with the intention of improving management efficiency and strengthening governance, such as strengthening measures for internal control related to quality.

[Summary of the status of the operation of the systems to secure the properness of business activities (so-called "internal control systems")]

The Company, in accordance with the "systems to secure the properness of business activities (so-called "internal control systems")" resolved by its Board of Directors, has established and operated the internal control systems of the Company and its subsidiaries.

The Company plans to revise the "systems to secure the properness of business activities (so-called "internal control systems")" every year after the institution thereof. During the fiscal year under review, the Company operated the systems pursuant to the resolution made at the Board of Directors Meeting held in May 2023.

Major activities for internal control that were considered important during the fiscal year under review are as described below:

(i) Activities for compliance:

a) The Risk Management and Compliance Committee held five meetings pursuant to the Risk Management and Compliance Committee Regulations. In addition, a promotion system was established in all workplaces by theresponsible person for compliance promotion, and the managers and the person in charge of compliance promotion in order to spread and promote the Compliance Code of Conduct.

b) The Company conducted e-learning and questionnaires regarding compliance for the Company's and its subsidiaries' management members and employees. The Company has exerted its efforts to achieve thorough compliance by disseminating the Compliance Book and compliance-related cases in and outside of the Company by utilizing training sessions for new employees and training sessions for new managers, as well as the Compliance Room, a portal site set up on the intranet.

c) The details of consultations handled and measures taken by the Compliance Consultation Center established internally and externally have been reported to the Risk Management and Compliance Committee and shared with the full-time Audit & Supervisory Board Members. The Risk Management and Compliance Committee provides advice on and monitors the responses to each case and measures to prevent recurrences.

(ii) Activities for risk management:

a) The Enterprise Risk Management Committee, chaired by the President, predicts changes in the internal and external environment and the impact of their risks from a managerial viewpoint and discusses how to respond to them. In addition, the Risk Management and Compliance Committee confirms the status of formulation and implementation of a plan to prevent occurrence of a crisis, establish the BCP, prevent increase of risks, and respond to new risks. For the fiscal year under review, the Company identified fire and explosion risks, information-related risks, quality assurance risks, environmentalpollution risks, etc. as Material Risks that require group-wide continued monitoring and made efforts to control these risks, in connection with which theRisk Management and Compliance Committee held five meetings.

b) For the purpose of risk management, the Company has focused its efforts on requiring an immediate report from a department in which any business risks arise on a Bad-News First basis as soon as the business risks (accidents, disasters, violations or other risks) are recognized and taking a group-wide countermeasure in an early stage with the assistance of the Risk Management and Compliance Committee to prevent the impact of such risks from enlarging. Furthermore, the Company ensures that examples and countermeasures to prevent business risks from arising are horizontally shared by the Overseas Administration Contact Offices establishedfor employees stationed overseas.

c) The Company inspected again whether there were any similar activities to the inappropriate testing activity that was revealed in 2022 within the Group, and a case study session was held at the meeting that all group companies' managers in charge of quality assurance attended. In addition, the Company held lecture sessions aimed at promoting understanding of the importance of quality to each level of employees.

d) The Company has formulated the Business Continuity Plan (BCP) as a plan for continuing or early recovering its important businesses and operations in the event of an immense earthquake or other contingency. The Company annually confirms the contents thereof and renews it based on changes in the environment to enhance the effectiveness of the BCP under contingent circumstances.

e) The Company conducted comprehensive disaster management drills that assume an epicentral earthquake in the Tokyo metropolitan area, to confirm the flow of establishment and operation of the task group headquarters in the occurrence of a disaster.

f) For the purpose of strengthening the IT security system, the Company conducted a voluntary inspection of the system of information and control, a security audit, and literacy improvement activities through e-learning or other training.

(iii) Measures to ensure effective audits by the Audit & Supervisory Board Members:

a) The Representative Directors have regular quarterly meetings with the Audit & Supervisory Board Members. In addition, through important meetings, such as sessions of the Management Committee and the Risk Management and Compliance Committee, the Company has shared various issues with the Audit

& Supervisory Board Members, including issues regardingcompliance and risk management.

Furthermore, the Company has exerted its efforts to enhance cooperation between the Audit & Supervisory Board Members of the Company and the Audit & Supervisory Board Members of itssubsidiaries and affiliated companies, and other relevant persons, and to strengthen cooperation through regular meetings between the Outside Audit & Supervisory Board Members and the Outside Directors.

b) The Internal Audit Department and management divisions have strived to strengthen cooperation with the Audit & Supervisory Board Members, including information exchange.
The business divisions, the business offices and subsidiaries in and outside of Japan have strived to appropriately respond to visiting audits and interviews by the Audit & Supervisory Board Members.

c) The Audit & Supervisory Board Members have cooperated with the audit & supervisory board members and other personnel of the subsidiaries and affiliated companies.

(iv) Measures for internal audits:

a) In fiscal year 2023, the Company conducted internal audits and assessments of internal controls mainly on-site and also online.

b) In accordance with its annual internal audit plan, the Company has specified the "status of risk management for achievement of management targets", "status of compliance", and "effectiveness and efficiency of business operations" as key items of internal audits and conducted internal audits of its business offices and subsidiaries in and outside of Japan.
During the fiscal year under review, by prioritizing departments such as those having high internal control risks and taking into account departments such as those having key issues in the medium-term plan, the Company conducted internal audits of 15 departments, comprising of both domestic and overseas departments (including three audits in collaboration with the U.S. subsidiary, Idemitsu Americas Holdings).
In addition, the Company conducted two internal audits based on specific themes in order to confirm and assess the matters that may have a significant impact on its management, such as "status of quality assurance in overseas affiliated companies" and "measures for prevention of inappropriate activities related to domestic sales activities", throughout the Group, following "quality assurance by domestic departments and affiliated companies" for which an internal audit was conducted during fiscal year 2022.

c) With regard to internal control over financial reporting, the Company has evaluated the status of establishment and operation of the systems and schemes (group-wide internal control) and the status of documentation and operation of business processes (business process control) and has obtained confirmation from the Committee for the Evaluation of Internal Controls over Financial Reporting.
During the fiscal year under review, the Company examined the details of amended implementation standards for internal control assessments related to financial reports that apply from fiscal year 2024, and prepared for responses required due to the system change.

(v) Measures for management of subsidiaries:

a) Based on the Regulations for Affiliated Companies and the Appendix for Management Standards, decisions on important Group matters related to affiliated companies are made appropriately by designated decision-makers after careful deliberation by the Investment and Finance Committee, the Management Committee, etc.

b) Full-time Audit & Supervisory Board Members are appointed at major affiliates, or part-time officers (Audit & Supervisory Board Members and Directors) are dispatched from Management Consulting Section established in the General Affairs Department to major affiliates for the purpose of strengthening governance and reducing risk. These officers share information with the Company's Audit & Supervisory Board Members and accounting auditors to enhance the effectiveness of audits.
Furthermore, for the purpose of strengthening the internal control of subsidiaries, the Company promoted introduction of the Voluntary Inspection WEB System (SELCHE) as a tool to enhance self-managing PDCA.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(April 1, 2023 to March 31, 2024)

(million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at April 1, 2023	168,351	451,642	848,910	(14,788)	1,454,116
Changes during the year					
Capital surplus (goodwill)		(272)			(272)
Dividends from surplus			(40,218)		(40,218)
Net income attributable to owners of the parent			228,518		228,518
Change in the scope of consolidation			207		207
Acquisitions of treasury stock				(57,360)	(57,360)
Disposals of treasury stock		0		113	113
Cancellation of treasury stock		(61,028)		61,028	―
Reversal of revaluation difference of land			299		299
Change in items other than shareholders' equity during the year (net)					
Total changes during the year	―	(61,300)	188,805	3,781	131,286
Balance at March 31, 2024	168,351	390,341	1,037,716	(11,006)	1,585,403

	Accumulated other comprehensive income						Noncontrolling interests	Total net assets
	Unrealized holding gains on other securities	Deferred gains (loss) on hedges	Revaluation difference of land	Translation adjustments	Retirement benefit liability adjustment	Total accumulated other compre-hensive income		
Balance at April 1, 2023	3,918	(6,431)	154,641	(4,571)	12,853	160,410	14,781	1,629,308
Changes during the year								
Capital surplus (goodwill)								(272)
Dividends from surplus								(40,218)
Net income attributable to owners of the parent								228,518
Change in the scope of consolidation								207
Acquisitions of treasury stock								(57,360)
Disposals of treasury stock								113
Cancellation of treasury stock								―
Reversal of revaluation difference of land			(299)			(299)		―

Change in items other than shareholders' equityduring the year (net)	1,999	2,176	940	36,223	13,041	54,381	(2,145)	52,236
Total changes during the year	1,999	2,176	640	36,223	13,041	54,082	(2,145)	183,223
Balance at March 31, 2024	5,918	(4,255)	155,282	31,652	25,895	214,492	12,636	1,812,531

(Note) Figures are indicated by discarding fractions less than one million yen.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Important matters forming the basis of preparation of consolidated financial statements

(1) Matters concerning the scope of consolidation

(i) Consolidated subsidiaries:

- Number of consolidated subsidiaries: 111 companies
- Names of major consolidated subsidiaries:

Idemitsu Tanker Co., Ltd.
SHOWA YOKKAICHI SEKIYU CO., LTD.
TOA Oil Co., Ltd.
Seibu Oil Company Limited
Idemitsu Retail Marketing Co., Ltd.
Idemitsu Supervising Co., Ltd.
IDEMITSU Energy Solutions Co. LTD.
IDEMITSU INTERNATIONAL (ASIA) PTE.LTD.
IDEMITSU APOLLO CORPORATION
Idemitsu Unitech Co., Ltd.
SDS Biotech K.K.
RS Renewables K.K.
Idemitsu Gas Production (Vietnam) Co., Ltd.
IDEMITSU AUSTRALIA PTY LTD
IDEMITSU COAL MARKETING AUSTRALIA PTY LTD
IDEMITSU ASIA PACIFIC PTE. LTD.
Idemitsu Americas Holdings Corporation

(ii) Non-consolidated subsidiaries:

- Name of major non-consolidated subsidiary:

Idemitsu Lube Techno Co., Ltd.

- Reason for excluding the non-consolidated subsidiaries from the scope of consolidation:

The scale of business conducted by each of the non-consolidated subsidiaries is small, and the total assets, net sales, net income or loss (based on the Company’s equity interest) and retained earnings (based on the Company’s equity interest) of each non-consolidated subsidiary do not have a material impact on the consolidated financial statements.

(iii) Company in which the Company holds a majority of voting rights but which is not treated as a subsidiary:

- Name of the company: Astomos Energy Corporation

- Reason for not treating it as a subsidiary:

Astomos Energy Corporation has been determined to be a jointly controlled company pursuant to Article 175 of the "Implementation Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures" (the Accounting Standards Board of Japan ("ASBJ") Accounting Standard Implementation Guidance No. 10) and excluded from the scope of consolidation to apply the accounting method similar to the equity method.

(2) Matters concerning the application of the equity method

(i) Non-consolidated subsidiaries and affiliates to which the equity method is applied:

- Number of non-consolidated subsidiaries or affiliates to which the equity method is applied: 27 companies
- Names of the major companies: Astomos Energy Corporation
  Idemitsu Credit Co., Ltd.
  Prime Polymer Co., Ltd.
  Nghi Son Refinery and Petrochemical LLC
  INPEX Norway Co., Ltd.

(ii) Non-consolidated subsidiaries and affiliates to which the equity method is not applied:

- Names of the major companies, etc.: Union Sekiyu Kogyo Co., Ltd.
  Kuo Horng Co., Ltd.
- Reason for not applying the equity method to such companies:

  The net income or loss (based on the Company's equity interest) and retained earnings (based on the Company's equity interest) of each company have no significant impact on the consolidated financial statements and is of no importance in general.

(iii) Special matter concerning the procedure to apply the equity method:

With regard to the equity method companies whose balance sheet dates do not correspond to the consolidated balance sheet date, the financial statements for the fiscal years of such equity method companies are used.

(3) Matters concerning changes in the scope of consolidation and the scope of application of the equity method

(i) Change in the scope of consolidation:

• Number of new consolidated subsidiaries:	None
• Number of subsidiaries excluded from the scope of consolidation:	Nine companies
• Names of the excluded consolidatedsubsidiaries:	CHUOSHELL CO., LTD. Idemitsu Cray Valley Co., Ltd., and seven other companies CHUOSHELL CO., LTD. is excluded from the scope of consolidation because it disappeared as a result of the absorption-type merger in which Idemitsu Retail Marketing Co., Ltd. is the surviving company. Idemitsu Cray Valley Co., Ltd. is excluded from the scope of consolidation because it disappeared as a result of the absorption-type merger in which Idemitsu Kosan Co.,Ltd. is the surviving company.

(ii) Change in the scope of application of the equity method:

• Number of new equity method companies:	Three companies
• Name of the new equity method companies:	Critical Minerals Group Limited Vecco Group Pty Ltd. DELTA LITHIUM LIMITED The three companies above are included in the scope of affiliated company to which the equity method applies from the consolidated fiscal year under review mainly due to new acquisitions of shares.
• Number of companies excluded from the scope of equity method:	None

(4) Matters concerning the fiscal years of consolidated subsidiaries

With regard to any consolidated subsidiary whose balance sheet date does not correspond to the consolidated balance sheet date, the financial statements for the fiscal year of such consolidated subsidiary are used. However, with regard to any important transaction that took place after the end of the relevant fiscal year and prior to the consolidated balance sheet date, necessary adjustments are made for the purposeof preparation of the consolidated financial statements.

(5) Notes on accounting policies

(i) Basis and method of valuation of major assets:

(a) Basis and method of valuation of securities:

Bonds to be held to maturity:	At amortized cost (straight-line method)
Subsidiaries' stock and affiliates' stock:	At cost, determined by the moving average method
Other securities:	
・ Securities other than those without market value:	At market value, implementing the use of the market price at each reporting date (valuation differences are included directly in net assets, and costs of securities sold are determined by the moving average method, in principle).
・ Those without market value:	At cost, determined by the moving average method

(b) Basis and method of evaluation of inventories:

At cost, determined by the gross average method, in principle

The balance sheet values are calculated by the write-down method based on declined margins.

(c) Basis and method of evaluation of derivatives:

At market value

(ii) Method of depreciation of important depreciable assets:

(a) Tangible fixed assets (excluding lease assets):	By the straight-line method, in principle.
(b) Intangible fixed assets (excluding lease assets):	By the straight-line method, in principle; provided, however, that software for internal use is amortized by the straight-line method on the estimated useful life of internal use (five years). Customer-related assets are amortized by the straight-line method on useful lives (20 years).
(c) Lease assets:	By the straight-line method on the assumption that the lease period is the useful life of the property and the residual value is zero, in principle.

(iii) Basis for accounting for important allowances and reserves:

(a) Allowance for doubtful accounts: To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of specific claims, such as probable non-performing credits.

(b) Allowance for bonuses: To meet the payment of bonuses to employees, the Company sets aside the portion for the consolidated fiscal year under review of an estimated amount of bonuses to be paid in the future.

(c) Reserve for repair works: To meet the payment for repair expenses in the future, the Company sets aside the portion until the consolidated fiscal year under review of an amount of expenses of inspection and repair to be defrayed in respect of the oil tanks and machinery and equipment and vessels thatrequire periodic repairs in the future.

(iv) Standards for recognition of important revenue and expenses

The content of primary obligations in the major business in relation to revenue generated from contracts with customers of the Company and its consolidated subsidiaries, and the normal time when the obligations are fulfilled (the normal time when the revenue is recognized) are as follows:

(a) Sale of products: The petroleum segment produces and sells refined petroleum products, the basic chemicals segment produces and sells olefin/aroma products, and the functional materials segment produces and sells lubricants, performance chemicals, etc. The resources segment explores, develops, produces, and sells crude oil, natural gas, and other energy resources such as coals.

With respect to these sales, the legal ownership and physical possession right to the products, and important risks associated with owning the products, and economic values are transferred to customers when control over the products is transferred to the customers, i.e., upon delivery of the products to the customers. Furthermore, the Company obtains the right to receive consideration for the products from its customers; therefore, the revenue is recognized at that time. In addition, the revenue is recognized based on the transaction prices under the contracts with the customers; with respect to transactions in which the role of the Company and its subsidiaries is an agent, the transaction prices are calculated based on the net amount, namely the amount received from customers less payments to suppliers. The tax amount that is deemed to be collected as an agent such as those imposed at the time of sale, like value-added tax and the light oil delivery tax, are presented in net amount but not included in the sales. On the other hand, the tax amount, like gasoline tax, which is imposed in the process before sale and included in the sales amount, is included in the sales. Considerations for transactions include no material financial components because they are received within one year after delivery of the products. Regarding variable considerations including variable discounts, the amount of consideration to which the Company and its consolidated subsidiaries will obtain the rights are estimated using all reasonably available information including past, current, and expectation; and the sales are recognized only within the scope where material reversion is very unlikely to occur.

(b) Sale of electricity: The power and renewable energy segment mainly conducts power generation (thermal power, solar power, wind power, etc.) and sales of electricity.

Regarding the revenue pertaining to power generation and sales of electricity, fees are measured by monthly meter reading; and the fees then calculated are recognized as the revenue generated for the relevant month. In addition, the revenue generated between the date ofthe first date in the settlement month and the settlement date are estimated from the result of the meter reading conducted in the settlement month, and the revenue according to the accounting periodis recorded. The revenue is recognized based on thetransaction prices under contracts with customers; and the consideration for the transaction includes nomaterial financial components because it is receivedwithin one year after delivery of the products.

(v) Method of important hedge accounting

(a) Method of hedge accounting: Deferral hedge accounting is applied.
Exceptional accounting treatment (*tokurei shori*) is applied to interest rate swap contracts that satisfy the requirements thereof.

(b) Hedging instruments and hedged items:

Hedging instruments: Forward exchange contracts, currency option transactions, loans payable denominated in foreign currencies, crude oil and petroleum products swap transactions, futures transactions, coal swap transactions, interest rate swap transactions, interest rate and currency swap transactions, and option transactions.

Hedged items: Foreign currency receivables and payables, forecastedforeign currency transactions, purchase and sale of crude oil and petroleum products, purchase and sale of coal, and debts payable.

(c) Hedging policy: The Company and some of its consolidated subsidiaries, in accordance with their respective rules, carry out hedge transactions within the scope of actual requirements to hedge risk of price changes, interest rate and currency fluctuations with regard to the hedged items.

(d) Method of evaluating the effectiveness of a hedge:

The method of evaluating the effectiveness of a hedge is to confirm the compliance of the hedging instruments with the hedged items. No evaluation is made as to the effectiveness of any transaction in which important conditions are common for the hedged assets and liabilities or scheduled transactions and price changes or cash flow changes are assumed in advance to be offset upon the commencement of the hedging and continue to be offset thereafter.

(vi) Amortization of goodwill:

Goodwill is amortized using the straight-line method over the estimated useful life of goodwill (five years to 20 years).

(vii) Other important matters forming the basis of preparation of consolidated financial statements:

(a) Basis of translation of assets and liabilities denominated in foreign currencies into the Japanese currency:

Foreign currency receivables and payables are translated into Japanese yen at the spot rate prevailing on the consolidated balance sheet date and translation differences are treated as gains and losses. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot rate prevailing on the consolidated balance sheet date. Income and expenses are translated into Japanese yen at the average rate for the period and translation differences are included in translation adjustments and noncontrolling interests under the net assets section on the consolidated balance sheet.

(b) Basis of accounting for liability for employees' retirement benefits:

To meet the payment of retirement benefits to employees, the Company provides an amount obtained by deducting the amount of plan assets from retirement benefit obligations, based on their respective estimated amounts as of the end of the consolidated fiscal year under review, as a liability for employees' retirement benefits. Actuarial differences are treated as expenses, based on the straight line method for a specific period of years (ten years to fourteen years) not exceeding the average remaining years of service of employees, from the consolidated fiscal year next following the consolidated fiscal year when such differences occur. Prior year service liabilities are treated as expenses in a lump sum during the consolidated fiscal year when such liabilities occur.

Unrecognized actuarial differences, after adjusting for taxes, are recognized as a retirement benefit liability adjustment under accumulated other comprehensive income inthe net assets section.

(c) Accounting treatment of deferred assets:

Bond issuance expenses and stock issuance expenses are all treated as expenses upon payment thereof.

(6) Change in accounting policies

Not applicable.

(7) Change in presentation methods

Not applicable.

(8) Notes on accounting estimates

The consolidated financial statements of the Company include management's estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on management's best judgments, taking into account past financial results, various factors considered to be reasonable as of the end of the consolidated fiscal year, and other considerations. Due to their inherent nature, actual results may differ from these estimates and assumptions.

Items that may have a significant impact on the consolidated financial statements of the Company are as follows.

(i) Measurement of equity-method investments and loans to equity-method affiliates

The Company has an equity interest in and loans to, and loans and advance of funds through a consolidated subsidiary to, Nghi Son Refinery and Petrochemical LLC ("NSRP"), which is an equity-method affiliate of the Company. NSRP's financial performance is reflected in the Company's consolidated financial statements through equity in earnings (losses) of affiliates. Also, NSRP's financial position and operating results have an impact on the fair value and recoverability of long-term loans receivable,as well as the recoverability of accounts receivable, other. The amounts and the line items of the equity interest and the loans recorded on the consolidated balance sheet are as follows:

	Line item	Amount (million yen)
Equity interest	Investment securities	—
Loans	Long-term loans receivable Allowance for doubtful accounts	35,051 (35,051)
		—
Advance of funds	Accounts receivable, other Allowance for doubtful accounts	139,023 (6,098)
		132,924

Since NSRP recorded a large amount of operating losses in past fiscal years due to the downturn inthe asset utilization rates at the beginning of the commencement of commercial production and the subsequent deterioration of the product market conditions, the state of its liabilities in excess of assets has continued since fiscal year 2020. In the fiscal year under review, compared to fiscal year 2022, NSRP recorded an operating loss due to the impact of decreased product margins and regular repair; in addition, NSRP recorded net loss continuously from fiscal year 2022 due to the impact of financial expenses associated with a large amount of borrowings. In association with the recorded operating losses and the liabilities in excess of assets from past fiscal years, NSRP recognized an indication that its fixed assets subject to impairment test may be impaired, and performed an impairment test on such assets. As the recoverable amount ofthe fixed assets based on their value in use exceeded their carrying amount of ¥812,294 million (based on a 100% ownership ratio) recorded on its balance sheet,NSRP did not recognize an impairment loss on the fixed assets.

In regard to the Company's consolidated financial statements, the Company performed valuation of the fair values of long-term loans receivable and accounts receivable, other based on estimated future cash flows and valuation of recoverability. As a result, the Company recorded ¥35,051 million and ¥6,044 million of allowance for doubtful accounts regarding the full amount of long-term loans receivable and part of the accounts receivable, other for the consolidated fiscal year under review.

For the calculation of the value in use and the fair value based on estimated future cash flows and the valuation of recoverability, NSRP's future business plan that includes certain assumptions of discount rates, product margins, and asset utilization rates was used; these assumptions were determined based on future forecasts on NSRP's performance, feasible measures for improvement of revenue, and the external environment (such as supply and demand trends, product margins, geopolitical risks, and climate change). Details of the discount rates are stated in "5. Notes on financial instruments." The changes in these assumptions may have a material impact on the Company's consolidated financial statements.

(ii) Valuation of fixed assets

With respect to tangible and intangible fixed assets, any indication of impairment loss is examined for each asset group; and if there is any indication, an impairment test is implemented.

In calculating the recoverable amount in the impairment test, estimates of future cash flows and discount rates are determined; the future cash flows were determined based on the business plan that was approved by the manager as well as the best estimate and judgment of the manager. The sales volume, product prices, and exchange rates included in the future cash flows are affected by changes in uncertain factors, such as future economic conditions, a shift to a low carbon society towards climate change, a decrease in product demands associated with changes to Japan's population structure; therefore, if these estimates and recoverable amounts need to be reviewed, this may have a material impact on the Company's consolidated financial statements.

(9) Change in accounting estimates

There is no material change to the accounting estimates.

A change was made to the estimate of part of the asset retirement obligations. The details are stated in the notes titled "10. Notes on asset retirement obligations".

2. Notes to the consolidated balance sheet

(1) Assets pledged and corresponding liabilities

Assets pledged

(i) Factory foundation mortgage:

Land	¥362,575 million
Machinery and equipment	¥30,801 million
Other	¥18,940 million

(ii) Other pledges:

Land	¥8,077 million
Investment securities	¥3,008 million
Capital contribution	¥1,297 million
Total	¥424,700 million

The Company pledged the investment securities and the capital contribution above as collateral for its affiliated companies' borrowings, etc.

In addition to the above, the Company pledged the capital contribution (investment securities) in NSRP and long-term loans receivable from NSRP ascollateral for NSRP's borrowings from financial institutions. The equitymethod has been applied to NSRP, and the consolidated balance sheet amount of each item is as described below:

	The consolidated fiscal year under review (March 31, 2024)
Investment securities (million yen)	—
Long-term loans receivable (million yen)	—

Liabilities with assets pledged

(i) Factory foundation mortgage:

Accounts payable-other	¥84,903 million

(ii) Other pledges:

Accounts payable-other	¥7,583 million
Total	¥92,486 million

The accounts payable-other were related to payment of gasoline tax.

In addition to the above, although the factory foundation was subjected to a revolving mortgage related to bank transactions, there were no substantial liabilities with assets pledged.

(2) Accumulated depreciation of tangible fixed assets ¥2,111,116 million

(3) Contingent liabilities

The Company provides guarantees for the loan obligations, etc. of the following companies, which are not the Company's consolidated companies, from financial institutions, etc.

(i) Guarantee of obligations

Japan Biofuels Supply LLP.	¥8,444 million
Idemitsu Advanced Materials Korea Co., Ltd.	¥1,186 million
Idemitsu Lube South America Ltda.	¥1,058 million
Others	¥1,251 million
Total	¥11,941 million

(ii) Construction completion guarantee

The Company provides a construction completion guarantee for project financing regarding the project to construct the Nghi Son Refinery and Petrochemical Complex, by NSRP in Vietnam. The burden of the guarantee of the Company is as follows.

The Company's burden of guarantee	¥142,425 million

Depending on future changes in the circumstances, the Company may be requested to perform the construction completion guarantee by the banking syndicate. If theCompany performs the construction completion guarantee, this may have a material impact on the Company's financial and cash flow conditions.

(4) Land revaluation

In accordance with the Land Revaluation Act (Act No. 34, promulgated on March 31, 1998) of Japan and the Act to Amend Part of the Land Revaluation Act (Act No. 19, promulgated on March 31, 2001) of Japan, the Company's land used for business is revaluated and an amount equivalent to taxes on the difference on revaluation is included in liabilities as "deferred tax liabilities upon revaluation" and the difference on revaluation minus the amount of such taxes is included in net assets as "revaluationdifference of land".

(i) Method of revaluation:

Land revaluation is made in accordance with the method of calculation by making reasonable adjustments to the assessed value of fixed assets as set forth in Article 2, item 3 of the Ordinance to Implement the Land Revaluation Act (Cabinet Order No. 119, promulgated on March 31, 1998; the "Ordinance"), the method of calculation bymaking reasonable adjustments to the land values that form the basis of land tax calculations as set forth in Article 2, item 4 of the Ordinance, and appraisals by real estate appraisers as set forth in Article 2, item 5 of the Ordinance.

(ii) Revaluation date: March 31, 2002

(iii) Difference of the market value at the end of the consolidated fiscal year under review of the land revaluated and the book value thereof after such revaluation:

3. (¥106,382 million)es to the consolidated statement of income

(1) Loss on transfer of business

The loss on transfer of business recorded as an extraordinary loss for the consolidated fiscal year under review is due to the sale of the interests in the Ensham Coal Mine, Australia held by IDEMITSU AUSTRALIA PTY LTD, a consolidated subsidiary of the Company.

4. Notes to the consolidated statement of changes in shareholders' equity, etc.

(1) Matters concerning the total number of issued shares

Class of shares	Number of shares as of April 1, 2023	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2024
Shares of common stock	297,864 thousand shares	1,191,458 thousand shares	96,681 thousand shares	1,392,642 thousandshares

(Note 1) The increase of 1,191,458 thousand shares in the total number of issued common stock is due to the 1:5 stock split on common stock dated January 1, 2024.

(Note 2) The decrease of 96,681 thousand shares in the total number of issued common stock is due to the cancellation of treasury stock determined by resolution at the meeting of theBoard of Directors.

(2) Matters concerning the number of treasury stock

Class of shares	Number of shares as of April 1, 2023	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2024
Shares of common stock	4,859 thousand shares	105,457 thousand shares	96,714 thousand shares	13,602 thousand shares

(Note 1) The increase of 105,457 thousand shares in the number of treasury stock consists of an increase of 75,415 thousand shares due to the 1:5 stock split on common stock dated January 1, 2024, an increase of 29,799 thousand shares due to the acquisitions of treasury stock determined by resolution at the meeting of the Board of Directors, an increase of 239 thousand shares due to the acquisitions of the Board Incentive Plan Trust for Officers, and an increase of 2 thousand shares due to the acquisitions of less-than-one-unit shares.

(Note 2) The decrease of 96,714 thousand shares in the number of treasury stock consists of a decrease of 96,681 thousand shares due to the cancellation of treasury stock determined by resolution at the meeting of the Board of Directors, a decrease of 32 thousand shares due to the stock awards in accordance with the Board Incentive Plan Trust for Officers, and a decrease of 0 thousand shares due to the disposals of less-than-one-unit shares.

(Note 3) Out of the number of treasury stock as of the end of the consolidated fiscal year under review, the number of shares held by the Board Incentive Plan Trust for Officers is 3,330 thousand shares.

(3) Matters concerning the distribution of retained earnings

(i) Amount of payment for dividends, etc.:

Matters concerning the dividends determined by resolution at the meeting of the Board of Directors held on May 9, 2023:

・ Aggregate amount of dividends	¥17,607 million
・ Amount of dividend per share	¥60
・ Record date	March 31, 2023
・ Effective date	June 2, 2023

(Note 1) The Company conducted a 1:5 stock split on its common stock as of January 1, 2024. The "amount of dividend per share" is an amount before the stock split.

(Note 2) The aggregate amount of dividends includes a dividend payment of ¥27 million made for the Company shares held by the Board Incentive Plan Trust for Officers.

Matters concerning the dividends determined by resolution at the meeting of the Board of Directors held on November 14, 2023:

・ Aggregate amount of dividends	¥22,610 million
・ Amount of dividend per share	¥80
・ Record date	September 30, 2023
・ Effective date	December 7, 2023

(Note 1) The Company conducted a 1:5 stock split on its common stock as of January 1, 2024. The "amount of dividend per share" is an amount before the stock split.

(Note 2) The aggregate amount of dividends includes a dividend payment of ¥53 million made for the Company shares held by the Board Incentive Plan Trust for Officers.

(ii) Dividends for which the record date falls in the consolidated fiscal year underreview but the effective date falls in the next consolidated fiscal year:

Matters concerning the dividends determined by resolution at the meeting of the Board of Directors held on May 14, 2024:

・ Aggregate amount of dividends	¥22,117 million
・ Amount of dividend per share	¥16
・ Record date	March 31, 2024
・ Effective date	June 4, 2024

(Note) The aggregate amount of dividends includes a dividend payment of ¥53 million made for theCompany shares held by the Board Incentive Plan Trust for Officers.

5. Notes on financial instruments

(1) Matters relating to the status of financial instruments

The Group raises required funds (principally by bank loans and the issuance of bonds) according to plant and equipment plans. The Group invests temporary surplus funds in high-security deposits and others and raises short-term operating funds through bank loans and commercial papers.

The Group utilizes derivatives to mitigate risk relating to its actual requirements and engages in no speculative transaction.

To reduce clients' credit risks relating to notes and accounts receivable-trade, the Group has stipulated its credit management rules and credit sales management rules. With regard to investment securities, which are principally stocks of client companies with which the Group has business ties, the market prices of listed stocks are recognized for each quarter and with regard to unlisted stocks, the financial positions of the issuers are recognized for each fiscal year.

With regard to foreign currency accounts payable-trade relating to imports of raw materials, the Group utilizes forward exchange contracts to reduce foreign currency risk.

To avert interest-rate risk relating to long-term loans payable, the Group engages in interest rate swaps and fixes interest expenses. In addition, to reduce market risk relating to crude oil and petroleum products, the Group engages in product swap transactions and future transactions.

The Group engages in derivatives all in accordance with the policy approved for each fiscal year based on its internal trading rules and within actual requirements.

(2) Matters concerning current values, etc. of financial instruments

The following chart shows the consolidated balance sheet amounts of financial instruments as of March 31, 2024, along with their current values and the variances. Securities without market value (consolidated balance sheet amount: ¥249,044 million) are not included in "Investment securities". Notes on "cash and deposit," "notes and accounts receivable - trade," "notes and accounts payable - trade," "short-term borrowings," "commercial papers," and "accounts payable - other" are omitted because they are settled in a short period and the market value approximates to the book value. In addition, notes on investments in partnerships that are measured at the Company'sproportionate interest in their net assets in the balance sheet (consolidated balance sheet amount: ¥11,376 million) are omitted as well:

(million yen)

	Consolidated balance sheet amount	Current value	Variance
(1) Accounts receivable - other	308,130		
Allowance for doubtful accounts (Note 1)	(6,098)		
	302,031	302,031	—
(2) Investment securities	17,271	17,271	—
(3) Long-term loans receivable	43,524		

Allowance for doubtful accounts (Note 1)	(35,136)		
	8,388	8,378	(9)
Total assets	327,690	327,681	(9)
(1) Bonds (including current portion of bonds payable)	150,000	147,174	(2,826)
(2) Long-term debt	479,056	470,793	(8,262)
Total liabilities	629,056	617,967	(11,088)
Derivatives (Note 2)	20,641	20,641	—

(Note 1) The allowances for doubtful accounts individually recorded for the accounts receivable–other and the long-term loans receivable are deducted.

(Note 2) Net receivables and payables resulting from derivatives transactions are presented onnet base. The total net payables are presented in parentheses.

(3) Matters regarding the breakdown of financial instruments by each fair value level

Fair values of financial instruments are categorized at the following three levels according to the observability and importance of inputs related to the calculation of the fair values:

Level 1 fair value: fair values calculated using the quoted prices of the assets and liabilities subject to the calculation of the fair values that are formed in active markets among inputs related to the calculation of observable fair values;

Level 2 fair value: fair values calculated using the inputs related to the calculation of fair values other than Level 1 inputs among inputs related to the calculation of observable fair values; and

Level 3 fair value: fair values calculated using the inputs related to the calculation of fair values that cannot be observed.

In cases where multiple inputs that have a material effect on the calculation of the fair value are used, among the levels to which the respective inputs belong, the fair value is categorized at the level with the lowest priority in the fair value calculation.

(i) Financial instruments recorded on the consolidated balance sheet at fair value

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities	17,271	—	—	17,271
Long-term loans receivable	—	—	—	—
Derivatives	—	20,641	—	20,641
Total assets	17,271	20,641	—	37,912

(ii) Financial instruments other than those that are recorded on the consolidated balancesheet at fair value

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - other	—	169,106	132,924	302,031
Long-term loans receivable	—	8,377	—	8,377

Total assets	—	177,484	132,924	310,408
Bonds payable (including current portion of bonds payable) Long-term loans payable	— —	147,174 470,793	— —	147,174 470,793
Total liabilities	—	617,967	—	617,967

(Note) Explanation of the valuation methods and inputs used in calculating fair values

Accounts receivable − other

Since accounts receivable - other are settled in a short period and their fair value approximates to the bookvalue, the book value is deemed to be the fair value, and the fair value is categorized as a Level 2 fair value. The fair value of accounts receivable − other for which allowance for doubtful accounts is recorded is calculated based on the present value of the future cash flow discounted at the expected return rate (discount rate) in which inherent risks of debtors are reflected. If the amount of the impact of unobservable inputs on the fair value is material, the fair value is categorized as a Level 3 fair value; and if not, it is categorized as a Level 2 fair value.

Investment securities:

Listed shares are valued using the quoted price. As listed shares are traded on activemarkets, their fair value is categorized as a Level 1 fair value.

Long-term loans receivable (those recorded on the consolidated balance sheet in the fair value):

Long-term loans receivable to NSRP is categorized as Level 3. For details of the calculation of the fair value, please see "(iii) Financial instruments categorized as Level 3"below.

Long-term loans receivable (other than those mentioned above):

Long-term loans receivable calculated based on the present value of the future cash flow discounted at a rate supposing that a similar loan is newly extended, is categorized as Level 2. The fair value of probable non-performing credits is calculated based on the present value of the future cash flow discounted at the expected return rate (discount rate) in which inherent risks of debtors are reflected or the expected amount to be collected from collateral or guarantee. If the amount of the impact of unobservable inputs on the fair value is material, the fair value is categorized as a Level 3 fair value; and if not, it is categorized as a Level 2 fair value.

Derivatives:

The fair value of derivatives is calculated based on the observable inputs, such as prices or exchange rates and interest rates presented by financial institutions, and categorized asa Level 2 fair value.

Bonds payable (including current portion of bonds payable):

The fair value of bonds issued by the Company is calculated using the market value, andcategorized as a Level 2 fair value.

Long-term loans payable:

The fair value of long-term loans payable is calculated by discounting the total principal and interest by an interest rate supposing that similar borrowings are newly conducted. Long-term loans payable with floating interest rates are subject to interest rate swaps under exceptional accounting treatment. The fair value of these loans is calculated by discounting the total principal and interest that were accounted for as a single item with the relevant interest rate swap, by a reasonably estimated interest rate applicable when similar borrowings are conducted, and is categorized as a Level 2 fair value.

(iii) Financial instruments categorized as Level 3

Increase and decrease in long-term loans payable categorized as Level 3 are as follows:

	Consolidated fiscal year under review (from April 1, 2023 to March 31, 2024)	
Balance at the beginning of fiscal year 2023	—	million yen
Gains and losses recorded for the current period (*)	—	
Balance at the end of fiscal year 2023	—	

(*) Gains and losses recorded for fiscal year 2023 are those that are valued using the fair value, and there are no gains and losses recorded for fiscal year 2023.

The fair value of long-term loans receivable categorized as Level 3 is calculated based on the DCF method using the expected return rate (discount rate) in which estimated future cash flows based on NSRP's future business plan and inherent risks of investments and loans to NSRP were reflected. The calculation was conducted by the department in charge of accounting in accordance with the valuation method and was approved after the authorized person of the department confirmed the validity of the inputs and the adequacy of the level category of the fair value.

Important observable inputs used to measure the fair value of long-term loan receivable categorized as Level 3 are the asset utilization rate and the expected return rate (discount rate) used to estimate future cash flows. Any changes to the assumptions of these inputs may materially change the fair value. A rise (decline) in the inputs of the asset utilization rate used contributes to an increase (decrease) in the fair value; however, the rise (decline) in the discount rate may cause a decrease (increase) in the fair value.

6. Notes on real estate for lease, etc.

(1) Matters relating to the status of real estate for lease, etc.

The Company and some of its subsidiaries possess office buildings for lease, oil storagetanks, commercial establishments, etc. (including land) in Tokyo, Osaka and other areas in Japan and overseas. For the consolidated fiscal year under review, with regard to realestate for lease, etc., income on lease was ¥513 million (lease income is accounted for in net sales and lease expenses are accounted for in selling, general and administrative expenses, respectively, in principle), income and loss on sales of fixed assets was ¥5,455 million (accounted for in extraordinary income and loss) and impairment loss was ¥1,521 million (accounted for in extraordinary loss).

(2) Matters concerning current values, etc. of real estate for lease, etc.

(million yen)

Consolidated balance sheet amount	Current value
101,826	97,381

(Note 1) The consolidated balance sheet amount is an amount obtained by deducting from the acquisition cost the accumulated depreciation of tangible fixed assetsand the accumulated loss on impairment.

(Note 2) The current value as at the close of the consolidated fiscal year under review is an amount (including any adjustment made using indexes, etc.) calculated by the Company principally in accordance with its “Real Estate Appraisal Standards”.

7. Notes on revenue recognition

(1) Information on breakdown of revenues arising from contracts with customers

(million yen)

Region	Reportable Segment						Other (Note)	Total
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Subtotal		
Japan	5,313,417	363,283	243,749	138,591	264,199	6,323,242	9,507	6,332,749
Asia and Oceania	933,535	236,037	194,489	—	89,115	1,453,177	7	1,453,185
North America	770,644	1,423	51,643	2,926	—	826,638	—	826,638
Other regions	63,155	829	25,495	3	17,144	106,628	—	106,628
Sales to external customers	7,080,754	601,574	515,377	141,521	370,458	8,709,686	9,514	8,719,201

(Note) "Other" means business segments that are not included in reportable segments, and mainly includes insurance business, intra-group service business, etc.

(2) Underlying information to understand the revenues arising from contracts with customers

As described in "(iv) Standards for recognition of important revenue and expenses" in "(5) Notes on accounting policies" in "1. Important matters forming the basis of preparation of consolidated financial statements."

(3) Information to understand the amount of revenue for the consolidated fiscal year under review and the subsequent consolidated fiscal years

(i) Balance of contractual assets and contractual liabilities

A breakdown of receivables, contractual assets, and contractual liabilities arising from contracts with customers is as shown below.

In the consolidated balance sheet, receivables arising from contracts with customers are included in "notes and accounts receivable - trade," contractual assets are included in "other current assets," and contractual liabilities are included in "other current liabilities" and "other long-term liabilities," respectively.

(million yen)

	Consolidated fiscal year under review
Receivables arising from contracts with customers	919,011
Contractual assets	195
Contractual liabilities	60,213

“Contract assets” are unpaid receivables arising primarily from construction contracts, and are transferred to “receivables arising from contracts with customers” when the right to payment becomes unconditional. “Contractual liabilities” are primarily consideration received in advance of performance under a contract, and are reversed upon recognition of revenues.

Due to performance obligations satisfied in prior periods, the amount of revenue recognized in the fiscal year under review (e.g., changes in transaction prices) is immaterial.

(ii) Transaction prices allocated to the residual performance obligations

The Company and its consolidated subsidiaries apply the convenience method of practice to note the transaction prices allocated to the residual performance obligations,and do not include in the notes contracts with an initially anticipated contractual period of less than one year. The total amount of transaction prices allocated to the residual performance obligations and the period during which revenue is expected to be recognized are as shown below.

In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction prices.

(million yen)

	Consolidated fiscal year under review
Within one year	138,098
Over one year	351,402
Total	489,501

8. Notes on the information per share

(1)	Net assets per share (yen):	1,305.18
(2)	Net income per share (yen):	161.32

(Note 1) Diluted net income per share is not calculated for the consolidated fiscal year under review because no dilutive shares exist.

(Note 2) The Company conducted a 1:5 stock split on its common stock as of January 1, 2024. The "net assets per share" and "net income per share" are calculated assuming that the stock split was implemented at the beginning of the consolidated fiscal year under review.

(Note 3) In calculating net assets per share, the 3,330 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stock that is to be deducted from the number of the Company's issued shares at the end of the fiscalyear under review. Also, in calculating net income per share, the 3,330 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stockthat is to be deducted from the average number of the Company's issued shares during the fiscal year under review.

9. Notes on significant subsequent events

Not applicable.

10. Notes on asset retirement obligations

Asset retirement obligations recorded on the consolidated balance sheet:

(1) Outline of the asset retirement obligations:

Restitution obligations in connection with real estate lease agreements with regard to land for facilities of service stations, etc., expenses of removal of coal production facilities upon termination of production or mining rights and other items are reasonably estimated and recorded as asset retirement obligations.

(2) Method of calculation of the amounts of the asset retirement obligations:

The periods projected prior to defrayment are based on, with regard to service stations,the useful lives of principal facilities thereof and with regard to coal, etc., mining lives from the commencement of operations. Applicable discount rates range from 0.0% to 5.4%.

(3) Changes in the total amount of the asset retirement obligations during the consolidated fiscal year under review:

(million yen)

Balance at beginning of year	34,479
Increased amount in connection with the acquisition of tangible fixed assets	60
Adjustments by lapse of time	778
Decreased amount as a result of asset retirement obligations	(2,823)
Increased (decreased) amount as a result of changes in estimates (see Note 1)	(1,423)
Other increased (decreased) amount (see Note 2)	1,099
Balance at end of year	32,171

(Note 1) During the consolidated fiscal year under review, the Company changed the amounts of estimates due to its review of the expenses to be incurred upon termination of production or mining rights by some overseas consolidated subsidiaries and the discount rate. The increased (decreased) amount comprises an increase of ¥121 million and a decrease of ¥1,544 million.

(Note 2) "Other increased (decreased) amount" is, among others, an increase associated with exchange rate fluctuations.

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(April 1, 2023 to March 31, 2024)

(million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Retainedearnings reserve	Reserve for advanced depreciationof fixed assets	Retained earnings carried forward	Total retained earnings
Balance at April 1, 2023	168,351	42,105	414,301	456,406	1,081	31,748	359,745	392,574
Changes during the year								
Dividends from surplus							(40,218)	(40,218)
Net income							112,107	112,107
Acquisitions of treasury stock								
Disposals of treasury stock			0	0				
Cancellation of treasury stock			(61,028)	(61,028)				
Reserve for other retained earnings						735	(735)	—
Reversal of other retained earnings						(2,225)	2,225	—
Reversal of revaluation difference of land							299	299
Changes in items other than shareholders' equity during the year (net)								
Total changes during the year	—	—	(61,027)	(61,027)	—	(1,489)	73,677	72,188
Balance at March 31, 2024	168,351	42,105	353,273	395,378	1,081	30,258	433,423	464,763

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gains on other securities	Deferred gains (loss) on hedges	Revaluation difference of land	Total valuation and translation adjustments	

Balance at April 1, 2023	(14,788)	1,002,544	2,593	396	154,641	157,632	1,160,177
Changes during the year							
Dividends from surplus		(40,218)					(40,218)
Net income		112,107					112,107
Acquisitions of treasury stock	(57,360)	(57,360)					(57,360)
Disposals of treasury stock	113	113					113
Cancellation of treasury stock	61,028	—					—
Reserve for other retained earnings		—					—
Reversal of other retained earnings		—					—
Reversal of revaluation difference of land		299			(299)	(299)	—
Changes in items other than shareholders' equity during the year (net)			879	260	940	2,080	2,080
Total changes during the year	3,781	14,941	879	260	640	1,781	16,722
Balance at March 31, 2024	(11,006)	1,017,486	3,473	657	155,282	159,413	1,176,899

(Note) Figures are indicated by discarding fractions less than one million yen.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Matters concerning significant accounting policies

(1) Basis and method of valuation of assets

(i) Basis and method of valuation of securities:

(a)	Bonds to be held to maturity:	At amortized cost (straight-line method).
(b)	Capital stocks of affiliates:	At cost, determined by the moving average Method.
(c)	Other securities:	
	・ Securities other than those without market value:	At market value (valuation differences are included directly in net assets, and costs of securities sold are determined by the moving average method).
	・ Those without market value:	At cost, determined by the moving average method.

(ii) Basis and method of evaluation of inventories:

Merchandise and finished goods, and raw material and supplies:	At cost, determined by the gross average method, in principle (the balance sheet values are calculated by the write-down method based on declined margins).

(iii) Basis and method of evaluation of derivatives:

At market value.

(2) Method of depreciation of fixed assets

(i)	Tangible fixed assets (excluding lease assets):	By the straight-line method.
(ii)	Intangible fixed assets (excluding lease assets):	By the straight-line method; provided, however, that software for internal use is amortized by the straight-line method on the estimated useful life of internal use (5 years). Goodwill is amortized by the straight-line method, on the estimated term to become effective (5-20 years). Customer-related assets are amortized by the straight-line method, on useful lives (20 years).
(iii)	Lease assets:	By the straight-line method on the assumption that the lease period is the useful life of the property and the residual value is Zero.

(3) Basis for accounting for allowances and reserves

(i) Allowance for doubtful accounts:	To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of specific claims, such as probable non-performing credits.
(ii) Allowance for bonuses:	To meet the payment of bonuses to employees, the Company sets aside the portion for the fiscal year under review of an estimated amount of bonuses to be paid in the future.
(iii) Retirement allowances for employees:	To meet the payment of retirement benefits to employees, the Company provides an amount estimated to accrue at the close of the fiscal year under review, based on the estimated retirement benefit obligations and pension plan assets as of the close of each such fiscal year. Actuarial differences are treated as expenses, based on the straight line method for a specific period of years (10 years) not exceeding the average remaining years of service of employees, from the fiscal year next following the fiscal year when such differences occur. Prior year service liabilities are treated as expenses in a lump sum during the fiscal year when such liabilities occur.
(iv) Reserve for repair works:	To meet the payment for repair expenses in the future, the Company sets aside the portion until the fiscal year under review of an amount of expenses of inspection and repair to be defrayed in respect of the oil tanks and machinery and equipment that require periodic repairs in the future.

(4) Standards for recognition of revenue and expenses

The content of primary obligations in the major business in relation to revenue generated from contracts with customers of the Company, and the normal time when the obligations are fulfilled (the normal time when the revenue is recognized) are as follows:

(i) Sale of products

The Company produces and sells refined petroleum products, olefin and aromatic products, lubricants, and performance chemicals.

With respect to these sales, the legal ownership and physical possession right to the products, and important risks associated with owning the products, and economic values are transferred to customers when control over the products is transferred to the customers, i.e., upon delivery of the products to the customers. Furthermore, the Company obtains the right to receive consideration for the products from its customers; therefore, the revenue is recognized at that time. The revenue is recognized based on the transaction prices under the contracts with the customers; with respect to transactions in which the role of the Company is an agent, the transaction prices are calculated based on the net amount, namely the amount received from customers less payments to suppliers. The tax amount that is deemed to be collected as an agent such as those imposed at the time of sale, like the light oil delivery tax, are presented in net amount but not included in the sales. On the other hand, the tax amount, like gasoline tax, which is imposed in the process before sale and included in the sales amount, are included in the sales. Considerations for transactions include no material financial components because they are received within one year after delivery of the products. Regarding variable considerations including variable discounts, the amount of consideration to which the Company will obtain the rights are estimated using all reasonably available information including past, current, and expectation; and the sales are recognized only within the scope where material reversion is very unlikely to occur.

(ii) Sale of electricity

The Company sells electricity.

Regarding the revenue pertaining to sales of electricity, fees are measured by monthly meter reading; and the fees then calculated are recognized as the revenue generated for the relevant month. In addition, the revenue generated between the date of the meter reading in the settlement month and the settlement date are estimated, and the revenue according to the accounting period is recorded. The revenue is recognized based on the transaction prices under contracts with customers; and the consideration for the transaction includes no material financial components because it is received within one year after delivery of the products.

(5) Method of hedge accounting

(i) Method of hedge accounting: Deferral hedge accounting is applied.

(ii) Hedge instruments and hedged items:

Hedging instruments: Forward exchange contracts, currency option transactions, crude oil and petroleum products swap transactions, futures transactions, coal swap transactions, interest rate swap transactions, interest rate and currency swap transactions, and option transactions.

Hedged items: Foreign currency receivables and payables, purchase and sale of crude oil and petroleum products, purchase and sale of coal, and debts payable.

(iii) Hedging policy: The Company, in accordance with its rules, carries out hedge transactions within the scope of actual requirements to hedge risk of price changes, interest rate and currency fluctuations with regard to the hedged items.

(iv) Method of evaluating the effectiveness of a hedge:

The method of evaluating the effectiveness of a hedge is to confirm the compliance of the hedging instruments with the hedged items. No evaluation is made as to the effectiveness of any transaction in which important conditions are common for the hedged assets and liabilities and price changes or cash flow changes are assumed in advance to be offset upon the commencement of the hedging and continue to be offset thereafter.

(6) Other important matters forming the basis of preparation of financial statements

Accounting treatment of deferred assets:

Bond issuance expenses and stock issuance expenses are all treated as expenses upon payment thereof.

(7) Change in accounting policies

Not applicable.

(8) Changes in presentation methods

Not applicable.

(9) Notes to accounting estimates

(i) Valuation of equity-method investments and loans to equity-method affiliates

For the fiscal year under review, allowance for doubtful accounts is recorded for the entire amount of ¥35,051 million of long-term loans to NSRP. The valuation method of recoverability and the main assumptions are described in detail in "1. Important matters forming the basis of preparation of consolidated financial statements" in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS."

(ii) Valuation of fixed assets

The valuation of fixed assets in the non-consolidated financial statements is described in detail in "1. Important matters forming the basis of preparation of consolidated financial statements" in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS", so the note is omitted.

(10) Change in accounting estimates

Not applicable.

2. Notes to the non-consolidated balance sheet

(1) Assets pledged and corresponding liabilities

Assets pledged

(i) Factory foundation mortgage:	
Land	¥337,963 million
(ii) Other pledges:	
Investment securities	¥590 million
Investments in shares of affiliates	¥2,418 million
Capital contribution	¥1,016 million
Total	¥341,988 million

In addition to the above, the Company pledged the capital contribution (investment in shares of affiliate) in NSRP, amounting to ¥90,645 million, as collateral for NSRP's borrowings from financial institutions. All of the capital contribution (investment in shares of affiliate) has been accounted for as impairment loss in fiscal year 2019.

Liabilities with assets pledged

Factory foundation mortgage:	
Accounts payable-other	¥54,169 million
Total	¥54,169 million

The accounts payable-other were related to payment of gasoline tax.

In addition to the above, although the factory foundation was subjected to a revolving mortgage related to bank transactions, there were no substantial liabilities with assets pledged.

(2) Accumulated depreciation of tangible fixed assets: ¥1,835,057 million

(3) Contingent liabilities:

The Company provides guarantees for the loan obligations, etc. of the following companies from financial institutions, etc.

(i) Guarantee of obligations

IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	¥128,119 million
Idemitsu Gas Production (Vietnam) Co., Ltd.	¥36,824 million
IDEMITSU AUSTRALIA PTY LTD.	¥25,798 million
Others	¥55,637 million
Total	¥246,380 million

(ii) Construction completion guarantee

The Company provides a construction completion guarantee for project financing regarding the project to construct the Nghi Son Refinery and Petrochemical Complex,by NSRP in Vietnam. The burden of the guarantee of the Company is as follows.

The Company's burden of guarantee	¥142,425 million

Depending on future changes in the circumstances, the Company may be requested to perform the construction completion guarantee by the banking syndicate. If the Company performs the construction completion guarantee, this may have a material impact on the Company's financial and cash flow conditions.

(4) Receivables from affiliates and payables to affiliates:

(i)	Short-term receivables from affiliates:	¥359,128 million
(ii)	Long-term receivables from affiliates:	¥38,710 million
(iii)	Short-term payables to affiliates:	¥379,272 million
(iv)	Long-term payables to affiliates:	¥5,525 million

(5) Land revaluation

In accordance with the Land Revaluation Act (Act No. 34, promulgated on March 31, 1998) of Japan and the Act to Amend Part of the Land Revaluation Act (Act No.19, promulgated on March 31, 2001) of Japan, the Company's land used for businessis revaluated and an amount equivalent to taxes on the difference on revaluation is included in liabilities as "deferred tax liabilities upon revaluation" and the difference on revaluation minus the amount of such taxes is included in net assets as "revaluation difference of land".

(i) Method of revaluation:

Land revaluation is made in accordance with the method of calculation by making reasonable adjustments to the assessed value of fixed assets as set forth in Article 2,item 3 of the Ordinance to Implement the Land Revaluation Act (Cabinet Order No.119, promulgated on March 31, 1998; the "Ordinance"), the method of calculation by making reasonable adjustments to the land values that form the basis of land tax calculations as set forth in Article 2, item 4 of the Ordinance, and appraisals by realestate appraisers as set forth in Article 2, item 5 of the Ordinance.

(ii) Revaluation date: March 31, 2002

(iii) Difference of the market value at the end of the fiscal year under review of the land revaluated and the book value thereof after such revaluation:

(¥106,382 million)

3. Notes to the non-consolidated statement of income

(1) Transactions with affiliates:

(i)	Sales:	¥1,518,071 million
(ii)	Purchases:	¥1,531,368 million
(iii)	Transactions other than ordinary business:	¥36,548 million

(2) Gain on cancellation of tie-in shares

Gain on cancellation of tie-in shares of ¥184 million resulted from an absorption-type merger whereby Cray Valley Idemitsu Corporation became a disappearing company and the Company became the surviving company.

4. Notes to the non-consolidated statement of shareholders' equity, etc.

Matters concerning the number of treasury stock:

Class of shares	Number of shares as of April 1, 2023	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2024
Shares of common stock	4,859 thousand shares	105,457 thousand shares	96,714 thousand shares	13,602 thousand shares

(Note 1) The increase of 105,457 thousand shares of treasury stock consists of an increase of 75,415 thousand shares due to the implementation of a share split effective as of January 1, 2024, whereby one share of common stock is split into five shares, and an increase of 29,799 thousand shares due to acquisitions of treasury stock determined by resolution at the meeting of the Board of Directors, an increase of 239 thousand shares due to acquisitions of the Board Incentive Plan Trust for Officers and an increase of 2 thousand shares due to acquisitions of less-than-one-unit shares.

(Note 2) The decrease of 96,714 thousand shares consists of a decrease of 96,681 thousand shares due to cancellation of treasury stock determined by resolution at the meeting of the Board of Directors, a decrease of 32 thousand shares due to stock awards in accordance with the Board Incentive Plan Trust for Officers and a decrease of 0 thousand shares due to the disposals of less-than-one-unit shares.

(Note 3) Of the number of shares of treasury stock at the end of fiscal year 2023, 3,330 thousand shares were held by the Board Incentive Plan Trust for Officers.

5. Notes on tax effect accounting

Principal components of deferred tax assets and deferred tax liabilities:

(Deferred tax assets)	(million yen)
Tax effect on investments	51,045
Impairment loss on fixed assets	19,345
Reserve for repair works	17,607
Retirement allowances for employees	12,215
Allowance for doubtful accounts	10,841
Accounts payable for removal	7,044
Estimated sales prices	6,959
Retirement benefit trust	6,641
Asset retirement obligations	4,386
Allowance for bonuses	2,720
Business tax payable	1,796
Loss on penalty for LPG business	1,531
Fixed assets for research and development	1,391
Accrued interest	1,389
Unrealized holding gains (loss) on other securities	82
Others	5,902
Subtotal of deferred tax assets	150,901
Valuation reserve	(80,744)
Total deferred tax assets	70,156
(Deferred tax liabilities)	
Market price valuation difference due to business combination	(55,572)
Reserve for deferred income tax on fixed assets	(19,304)
Prepaid pension cost	(7,904)
Asset retirement obligations	(2,498)
Tax effect on investments	(1,612)
Unrealized holding gains (loss) on other securities	(1,181)
Deferred gains on hedges	(290)
Total deferred tax liabilities	(88,364)
Net deferred tax liabilities	(18,207)

6. Notes on the fixed assets used by lease

The notes are omitted because they are insignificant.

7. Notes on transactions with related parties

Attribute	Trade name	Capital stock (million yen)	Principal business	Ratio of voting rights owned bythe Company (owned in the Company)(%)	Relationship	Transaction	Transaction amount (million yen)	Account item	End-of-year balance (million yen)
Subsidiary	IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	US$45,156 thousand	Import, export and trading of crude oil, petroleum products, etc.	100.0 (indirect)	None	Sale of petroleum products, etc. (Note 1)	416,689	Accounts receivables	54,782
						Purchase of oil, etc. (Note 2)	1,089,870	Accounts payable	82,287
						Guarantee of obligations (Note 3)	121,760	—	—
Subsidiary	SHOWA YOKKAICHI SEKIYU CO., LTD.	4,000	Oil refinery and production of petrochemical products	75.0 (direct)	None	Loan extension (Note 4)	43,978	Short-term loans	39,093
						Advancing of gasoline tax, etc.	127,573	Accounts payable	42,692
Subsidiary	Idemitsu Gas Production (Vietnam) Co., Ltd.	1	Exploration, development and production of natural gas fields	100.0 (direct)	None	Accommodation of surplus funds (Note 5)	20,916	Deposits	51,361
Affiliate	Idemitsu Credit Co., Ltd.	1,950	Credit card and credit guarantee business	50.0 (direct)	None	Collection of trade receivables (Note 6)	1,039,973 (Note 7)	Accounts receivable — other	52,427

Affiliate	Nghi Son Refinery and Petrochemical LLC	US$2,362,723 thousand	Oil refinery, and production and sale of petrochemical products	35.1 (direct)	None	Construction completion guarantee (Note 8)	142,425 (Note 9)	—	—
Company or other entity whose majority voting rights are held by the Company's officer or his/her close relative	Nissho Kosan Co., Ltd. (Note 10)	100	Real estate leasing and management , etc.	9.8 (owned in the Company) (direct)	Interlocking officers	Building lease (Note 11)	88	Prepaid expenses Security deposit	8 45

(Note 1) The Company determines whether to sell products, etc. taking into consideration market prices, etc.
(Note 2) The Company determines whether to purchase products, etc. taking into consideration market prices, etc.
(Note 3) The Company guarantees obligations principally for purchasing goods.
(Note 4) The Company determines interest rates taking into consideration market interest rates and other factors.
(Note 5) The Company determines whether to accommodate surplus funds taking into consideration market interest rates.
(Note 6) The Company receives part of the trade receivables of petroleum products, etc. for exclusive distributors (after offsets by such exclusive distributors against credit receivables from Idemitsu Credit Co., Ltd.) via Idemitsu Credit Co., Ltd..
(Note 7) The transaction amount represents the total annual collection amount.
(Note 8) The Company has provided a construction completion guarantee for the project finance in connection with the project to construct the Nghi Son Refinery and Petrochemical Complex. In addition, the Company pledged the capital contribution (investment in shares of affiliate) in the Nghi Son Refinery and Petrochemical LLC ("NSRP"), amounting to ¥90,645 million, as collateral for NSRP's borrowings from financial institutions. All of the capital contribution (investment in shares of affiliate) has been accounted for as impairment loss in fiscal year 2019.
(Note 9) The transaction amount represents the portion of the guarantee amount provided by the Company.
(Note 10) Mr. Masakazu Idemitsu, one of the Company's directors, and his close relatives hold 100% of the voting rights.
(Note 11) Rents are calculated based on actual transactions in the vicinity.

8. Notes on revenue recognition

The basic information to understand the revenue from the contracts with the clients of the Company is the same as described in "7. Notes on revenue recognition" in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS", so the note is omitted.

9. Notes on the information per share

(1)	Net assets per share (yen):	853.42
(2)	Net income per share (yen):	79.14

(Note 1) Diluted net income per share is not calculated for the fiscal year under review because no dilutive shares exist.

(Note 2) The Company implemented a share split effective as of January 1, 2024, whereby one share of common stock is split into five shares. The Company calculated the "net assets per share" and the "net income per share" on the assumption that the share split was implemented at the beginning of the current fiscal year.

(Note 3) In calculating net assets per share, the 3,330 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stock that is to be deducted from the number of the Company's issued shares at the end of the fiscal year under review. Also, in calculating net income per share, the 3,330 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stock that is to be deducted from the average number of the Company's issued shares during the fiscal year under review.

10. Notes on significant subsequent events

Not applicable.

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