Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Dear Shareholders:

Matters Subject to Measures for Electronic Provision upon Giving Notice of the 110th Ordinary General Meeting of Shareholders

Idemitsu Kosan Co., Ltd.

Major business offices and plants (as of March 31, 2025):

(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)
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
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
AGRO-KANESHO CO., LTD.	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	Houston, 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:	¥275 million
Total amount of money and other proprietary benefits payable to the accounting auditors by the Company and its subsidiaries:	¥609 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 for audits 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 and guidance regarding unification of fiscal terms and non-financial disclosure, 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 internal rules 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 integrated, company-wide risk management activities as a mechanism to improve foresight toward potential risks.

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 the outbreak 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 financial reporting 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 effectiveness of 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 rules for 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 non-executive 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) It shall promote further autonomy in safety and quality assurance at all business divisions and affiliated companies. The entire Group will strengthen the check-and-balance and supervisory functions of the Safety & Environmental Protection Headquarters and the Quality Assurance Headquarters.

(viii) Matters concerning the employees to assist the Audit & Supervisory Board Members of the Company to execute 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 dismissal of 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 April 15, 2025, reflecting initiatives conducted with the intention of improving management efficiency and strengthening governance.

[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 2024.

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 seven meetings pursuant to the Risk Management and Compliance Committee Regulations. In addition, a promotion system was established in all workplaces by the responsible 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, and also conducted training sessions for new employees and those for newly appointed managers. Furthermore, with the aim of raising compliance awareness among all employees, face-to-face training sessions and exchanges of opinions with those involved in promoting compliance were held during a tour of 17 business locations.

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, as well as utilizing 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.

d) As announced in "Administrative Actions Taken Against Our Subsidiaries Based on the High Pressure Gas Safety Act" dated September 20, 2024, a violation of the High Pressure Gas Safety Act was identified at one of the Company's subsidiaries. The Company is working to strengthen governance at this subsidiary through extraordinary audits, etc., and reconfirming the absence of any similar violations through safety and environmental audits of the Company's offices and refineries. In addition, we have added reemphasizing compliance as a priority task in the activities of the Safety & Environmental Protection

Headquarters for fiscal year 2025.

(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. During the fiscal year under review, the Risk Management and Compliance Committee met seven times and, in addition to the above, deliberated on ways to improve risk management operations for the upcoming year. As part of this process, interviews were conducted with officers, including Outside Directors and Audit & Supervisory Board Members, to confirm their awareness of the risks surrounding the Company.

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 established for employees stationed overseas.

c) As announced in "Occurrence of an Occupational Accident at the Heavy Oil Desulfurization Unit at Chiba Complex and Prevention of Recurrence" dated March 14, 2025, an occupational accident occurred at the Chiba Complex, killing one employee of a partner company and injuring five others, including the Company's own employees. As an Accident Investigation Committee chaired by an external expert has compiled a report on the cause of the accident as well as measures to prevent recurrence, the Company shall put in place preventive measures based on the committee's recommendations. Furthermore, the Safety & Environmental Protection Headquarters has set "strengthening safety management at partner companies" as a priority issue for fiscal year 2025, striving to create a safer workplace.

d) The Company inspected again whether there were any similar activities to the inappropriate testing activity that was revealed in 2022 within the Group, and will continue to expand such inspections to include its overseas affiliates, as well as providing case study education to newly appointed quality assurance managers in the course of their basic training. In addition, the Company held lecture sessions aimed at promoting understanding of the importance of quality to each level of employees.

e) 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.

f) The Company conducted comprehensive disaster management drills that assume an immense earthquake in the Nankai Trough area, to confirm the flow of establishment and operation of the task group headquarters in the occurrence of a disaster.

g) To strengthen its IT security systems, the Company conducted voluntary inspections of information and control systems, security audits, awareness-raising through the security portal, and e-learning (for personnel engaged with information and control systems or independently operating websites or business systems).

(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 regarding compliance and risk management.

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 on-site 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 2024, 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 19 departments, comprising of both domestic and overseas departments. (including three audits in collaboration with the U.S. subsidiary, Idemitsu Americas Holdings).
In addition, follow-ups to the thematic audit "Efforts to Prevent Improper Conduct in Sales Activities" conducted in fiscal year 2023 were conducted at 32 departments.

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.
In the current fiscal year, based on the revised standards for implementing evaluation of internal control over financial reporting, which have entered into effect, the method for selecting the scope of evaluation and the evaluation procedures were reviewed. In accordance with this review, affiliated companies and business processes were added to the scope of evaluation. In addition, after the evaluation items were reviewed to reflect the intent of the revision, the evaluation procedures for company-wide controls, financial reporting process controls, business process controls, and IT general and business process controls were each evaluated.

(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 non-executive 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 NET ASSETS

(April 1, 2024 to March 31, 2025)

(million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	168,351	390,341	1,037,716	(11,006)	1,585,403
Changes of items during the period:					
Dividends from surplus			(46,140)		(46,140)
Net income attributable to owners of the parent			104,055		104,055
Change of fiscal term of consolidated subsidiaries			13,159		13,159
Change in scope of consolidation			(4,084)		(4,084)
Acquisitions of treasury stock				(165,320)	(165,320)
Disposals of treasury stock		0		136	136
Cancellation of treasury shares		(36,499)		36,499	–
Change in ownership interest of parent due to transactions with non-controlling interests		851			851
Adjustment due to sales and revaluation of land			6,519		6,519
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(35,648)	73,509	(128,683)	(90,822)
Balance at the end of current period	168,351	354,693	1,111,225	(139,690)	1,494,580

	Accumulated other comprehensive income							
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedging activities, net	Surplus from land revaluation	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other compre-hensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	5,918	(4,255)	155,282	31,652	25,895	214,492	12,636	1,812,531
Changes of items during the period:								
Dividends from surplus								(46,140)
Net income attributable to owners of the parent								104,055
Change of fiscal term of consolidated subsidiaries								13,159
Change in scope of consolidation								(4,084)
Acquisitions of treasury stock								(165,320)
Disposals of treasury stock								136
Cancellation of treasury shares								–
Change in ownership interest of parent due to transactions with non-controlling interests								851
Adjustment due to sales and revaluation of land			(6,519)			(6,519)		–
Net changes of items other than shareholders' equity	(1,734)	3,240	(10,915)	20,221	7,001	17,814	4,694	22,509
Total changes of items during the period	(1,734)	3,240	(17,434)	20,221	7,001	11,295	4,694	(74,832)
Balance at the end of current period	4,184	(1,014)	137,848	51,873	32,896	225,788	17,330	1,737,699

(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: 119 companies
- Names of major consolidated subsidiaries:

Idemitsu Tanker Co., Ltd.
SHOWA YOKKAICHI SEKIYU CO., LTD.
TOA Oil Co., Ltd.
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.
AGRO-KANESHO CO., LTD.
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: 30 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.
  Fuji Oil Company, 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:	13 companies
▪ Names of the new consolidated subsidiaries:	Idemitsu Efuels America Corp. AGRO-KANESHO CO., LTD. Idemitsu Advanced Materials (Malaysia) Sdn. Bhd. Idemitsu Advanced Materials Korea Co., Ltd. and nine other companies Idemitsu Efuels America Corp. and AGRO-KANESHO CO., LTD. were included in the scope of consolidation through new establishment by investment and through acquisition of shares, respectively. Idemitsu Advanced Materials (Malaysia) Sdn. Bhd. and Idemitsu Advanced Materials Korea Co., Ltd. were included in the scope of consolidation due to their increased importance.
▪ Number of subsidiaries excluded from the scope of consolidation:	Five companies
▪ Names of the excluded consolidated subsidiaries:	Idemitsu Green Power Co., Ltd. IDEMITSU CHEMICALS SOUTHEAST ASIA PTE LTD and three other companies Idemitsu Green Power Co., Ltd. was absorbed in a merger, leaving Idemitsu Kosan Co., Ltd. as the surviving company, and IDEMITSU CHEMICALS SOUTHEAST ASIA PTE LTD was excluded from the scope of consolidation as it has become less significant.

(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:	Fuji Oil Company, Ltd. HIF Global LLC and one other company Fuji Oil Company, Ltd. was included in the scope of equity-method affiliates following the acquisition of additional shares, and HIF Global LLC was included in the scope of equity-method affiliates following investment, so both of these companies are now considered equity-method affiliates.
▪ 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 purpose of preparation of the consolidated financial statements.

Previously, for consolidated subsidiaries with a balance sheet date of December 31, financial statements as of that date were used, and any significant transactions that occurred between that date and the consolidated balance sheet date were adjusted as necessary for consolidation. However, in order to ensure more accurate disclosure of consolidated financial statements, starting from the consolidated fiscal year under review, certain consolidated subsidiaries (a total of 28 companies, including IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.) have either changed their balance sheet dates to March 31 or have changed to a method of consolidating financial statements by preparing a provisional settlement of accounts on March 31, which is the consolidated balance sheet date.

The income or loss of these consolidated subsidiaries from January 1, 2024 to March 31, 2024 has been adjusted as an increase of ¥13,159 million in retained earnings. The foreign currency translation adjustments of ¥12,537 million that arose during the same period was an adjustment to accumulated other comprehensive income and noncontrolling interests.

(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 (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.

(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) Property, plant and equipment (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)	Provision 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 work:	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 that require periodic repairs in the future.
(d)	Provision for losses related to contracts:	To provide for possible future losses that may be incurred in the fulfillment of contracts, the Company records an estimated amount of reasonably calculated losses.

(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 of the 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 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.

(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, foreign currency borrowings
Crude oil and petroleum product swap transactions
Futures transactions, coal swap transactions
Interest rate swap contracts, interest rate and currency swap transactions, and interest rate option transactions

Hedged items: Foreign currency receivables and payables, forecasted foreign currency transaction
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 foreign currency 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.
In principle, 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 defined retirement benefit plans under accumulated other comprehensive income in the net assets section. Also, in the calculation of retirement benefits, expected retirement benefits are attributed to the period up to the end of the fiscal year under review on a benefit formula basis.

(c) Accounting treatment of deferred assets:

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

(d) Accounting principles and procedures adopted in cases where the relevant accounting standards are not clearly defined

(Acquisitions of treasury stock)

The Company's Board of Directors approved a resolution at its February 12, 2025 meeting regarding the acquisition of treasury stock, and the acquisition was completed on March 19, 2025. Acquisition of treasury stock is conducted through the use of the Accelerated Share Repurchase (ASR) method (hereinafter the "Method"). The Method applies to cases where the relevant accounting standards are not clear, and the accounting treatment is as follows.

a) Outline of the Method

The Company first acquired 60,737,500 shares of treasury stock, equivalent to ¥70 billion, at ¥1,152.5 per share through ToSTNeT-3 on March 19, 2025 (hereinafter the "Purchase").
For the Purchase, Daiwa Securities Co., Ltd. borrowed the shares and made the sell order.
After the execution of the sell order in the Purchase, Daiwa Securities Co. Ltd. and its subsidiaries and associates (hereinafter the "Daiwa Securities Group") intend to acquire the Company's shares in and out of the stock market at its own discretion and calculation for the purpose of repaying the borrowed shares (hereinafter the "Short Cover Transaction"). Next, with regard to the sales price (hereinafter the "Base Price") of the Company's common stock sold by Daiwa Securities Co., Ltd. in the Purchase, the Company will separately conduct an adjustment transaction using the Company's shares with Daiwa Securities Co., Ltd. (hereinafter the "Scheduled Allottee") which is the allottee of the stock acquisition rights (hereinafter the "Stock Acquisition Rights") issued by the Company in the ASR Transaction so that the effective acquisition unit price of the Company will be equal to the average share price. Specifically, (1) if the average share price is higher than ¥1,152.5, the Company will deliver to the Scheduled Allottee the number of shares of the Company's common stock calculated by deducting the "number of shares obtained by dividing the Base Price by the average share price" from the "number of shares of common stock of the Company sold by the Scheduled Allottee in the Purchase" (hereinafter the "Base Number of Shares") upon exercise of the Stock Acquisition Rights, and conversely, (2) if the average share price is lower than ¥1,152.5, the Company agrees to acquire from the Scheduled Allottee the number

of Company shares calculated by deducting the Base Number of Shares from the "number of shares obtained by dividing the Base Price by the average share price" without compensation. The adjustment in the number of shares to be acquired is expected to take place between September 11, 2025 and March 16, 2026, after the completion of any Short Cover Transactions that Daiwa Securities Group deems necessary.

b) Accounting principles and procedures

The Company's shares acquired through ToSTNeT-3 are recorded as "Treasury stock" under net assets in the consolidated balance sheet at the acquisition amount. The Company's shares acquired through this method are included in the treasury stock deducted in the calculation of the average number of shares during the period for the purpose of calculating net income per share.
In accordance with this accounting policy, ¥69,999 million was recorded as "Treasury stock" under the net assets in the consolidated balance sheet for the consolidated fiscal year under review.

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

As to Nghi Son Refinery and Petrochemical LLC ("NSRP"), an equity-method affiliate of the Company, the Company has an equity interest and loans receivable and provides funding through loans and disbursements on behalf of NSRP via consolidated subsidiaries. In preparing the consolidated financial statements, NSRP's financial position and performance have an impact on the fair value and the recoverable amount of long-term loans, and the recoverable amount of receivables from the disbursements. The amounts and the line items of the equity interest, the loans, and the disbursements recorded in 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	53,913 (53,913)
		–
Advance of funds	Accounts receivable, other	143,739

In addition, as stated in "2. Notes to the consolidated balance sheet," the Company provides construction completion guarantees of ¥110,272 million (the Company's share) for NSRP's bank borrowings. No provision for loss on these construction completion guarantees is recorded.

Since NSRP recorded a large amount of operating losses in past fiscal years due to the suboptimal asset utilization rates during the initial years following the start of commercial production and the subsequent deterioration of the product market conditions, NSRP has had negative equity since fiscal year 2020. During the current fiscal year, although NSRP was able to maintain high asset utilization rates, NSRP recorded an operating loss due to deteriorating product margins. In addition, similar to the preceding fiscal year, NSRP recorded a net loss due to financial expenses associated with substantial borrowings.

When preparing its consolidated financial statements, the Company assesses the fair value and the recoverable amount of long-term loans receivable and accounts receivable, other from NSRP based on the DCF method, using estimated future cash flows and expected return rate (discount rate). The Company also evaluates the necessity of recording a provision for loss on construction completion guarantees. As a result, the Company recorded an allowance for doubtful accounts amounting to ¥12,870 million for long-term loans receivable during the current fiscal year.

The estimation of future cash flows is prepared using NSRP's future business plan, reflecting the latest projection of product margins. The future business plan also incorporates such assumptions as asset utilization rates. These assumptions are based on operational performance and external environmental factors, including supply-demand trends, product margins, geopolitical circumstances, and climate change considerations. The discount rate applied reflects uncertainties associated with global decarbonization initiatives and international trade measures, as well as inherent risks linked to investments in NSRP.

An increase (or decrease) in product margin contributes to an increase (or decrease) in fair value and recoverable amount, and an increase (or decrease) in discount rate contributes to a decrease (or increase) in fair value and recoverable amount.
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 property, plant and equipment 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	¥27,392 million
	Other	¥17,487 million
(ii)	Other pledges:	
	Land	¥8,077 million
	Investment securities	¥3,218 million
	Capital contribution	¥1,330 million
	Total	¥420,081 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 as collateral for NSRP's borrowings from financial institutions. The equity method 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, 2025)
Investment securities (million yen)	–
Long-term loans receivable (million yen)	–

Liabilities with assets pledged

(i)	Factory foundation mortgage:	
	Accounts payable, other	¥45,636 million
(ii)	Other pledges:	
	Accounts payable, other	¥13,548 million
	Total	¥59,184 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 property, plant and equipment: ¥2,160,895 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.	¥12,764 million
Idemitsu Lube South America Ltda.	¥1,139 million
Oyasu Geothermal Co., Ltd.	¥920 million
Other	¥453 million
Total	¥15,277 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	¥110,272 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) 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 "surplus from land revaluation."

(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 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:

(¥96,954 million)

3. Notes to the consolidated statement of income

Not applicable.

4. Notes to the consolidated statement of changes in net assets

(1) Matters concerning the total number of issued shares

Class of shares	Number of shares as of April 1, 2024	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, 2025
Shares of common stock	1,392,642 thousand shares	– thousand shares	34,563 thousand shares	1,358,078 thousand shares

(Note) The decrease of 34,563 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 the Board of Directors.

(2) Matters concerning the number of treasury stock:

Class of shares	Number of shares as of April 1, 2024	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, 2025
Shares of common stock	13,602 thousand shares	154,609 thousand shares	34,769 thousand shares	133,441 thousand shares

(Note 1) The increase of 154,609 thousand shares in the number of treasury stock is due to the acquisition of 154,608 thousand shares of treasury stock determined by resolution at the meeting of the Board of Directors, and an increase of 0 thousand shares due to the purchase of less-than-one-unit shares.

(Note 2) The decrease of 34,769 thousand shares in the number of treasury stock consists of a decrease of 34,563 thousand shares due to the cancellation of treasury stock determined by resolution at the meeting of the Board of Directors, a decrease of 206 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 3,124 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 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 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 12, 2024:

・ Aggregate amount of dividends	¥24,022 million
・ Amount of dividend per share	¥18
・ Record date	September 30, 2024
・ Effective date	December 6, 2024

(Note) The aggregate amount of dividends includes a dividend payment of ¥56 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 under review 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 13, 2025:

・ Aggregate amount of dividends	¥22,099 million
・ Amount of dividend per share	¥18
・ Record date	March 31, 2025
・ Effective date	June 4, 2025

(Note) The aggregate amount of dividends includes a dividend payment of ¥56 million made for the Company shares held by the Board Incentive Plan Trust for Officers.

5. Notes on financial instruments

(1) Matters relating to the status of financial instruments

(i) Policy on financial instruments

The Group raises required funds (principally by bank loans and the issuance of bonds) according to plant and equipment plans, etc. 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 avoid or mitigate risk relating to its actual requirements, as described below, and engages in no speculative transaction. Additionally, the Company and some of its consolidated subsidiaries have adopted hedge accounting.

(ii) Details and risks of financial instruments

Notes and accounts receivable, trade, which are trade receivables, are exposed to customer credit risk. In addition, trade receivables denominated in foreign currencies associated with product exports, etc. are exposed to the risk of fluctuations in exchange rates.

Among securities and investment securities, listed stocks that are other securities, excluding securities other than those without market value, are exposed to the risk of fluctuations in market price.
Loans are mainly to affiliated companies and are exposed to the credit risk of the borrowers. The Company regularly monitors their financial positions and makes every effort to properly manage this risk.

Most of these notes and accounts payable, trade are due within six months. Also, trade payables denominated in foreign currencies associated with the import of raw materials and other items are exposed to the risk of fluctuations in foreign exchange rates. In principle, however, the net position of trade receivables denominated in foreign currencies is hedged by utilizing forward exchange contracts.

Among borrowings, commercial papers, and corporate bonds, short-term loans payable and commercial papers are primarily used to raise funds for the purchase of raw materials and operating expenses, while long-term loans payable and corporate bonds are primarily used to raise funds for capital investment. Borrowings with floating interest rates are exposed to the risk of fluctuations in interest rates, and borrowings denominated in foreign currencies are exposed to the risk of fluctuations in exchange rates. Of these, the majority of long-term loans payable are hedged using interest rate swap transactions.

Derivatives transactions consist of forward exchange contracts to hedge the risk of foreign currency exchange fluctuations related to trade receivables and payables denominated in foreign currencies; interest rate swaps to hedge the risk of interest rate fluctuations related to borrowings; and crude oil and petroleum product swaps and futures transactions to hedge the risk of market price fluctuations related to crude oil and petroleum products, etc. For details regarding hedging instruments and hedged items, hedging policies, and methods for evaluating hedge effectiveness, etc., please refer to “(5) Notes on accounting policies (v) Method of important hedge accounting” in the “Important matters forming the basis of preparation of consolidated financial statements" mentioned above.

(iii) Risk management framework for financial instruments

(a) Management of credit risk (the risk of contractual counterparty default)

In accordance with the receivables management regulations and guidelines established by each business division, the Company regularly monitors the position of its business partners by business division with respect to trade receivables and manages payment terms, balances, collateral, etc. with business partners, while also working to quickly identify and mitigate concerns about recovery due to deterioration of financial position, etc. Consolidated subsidiaries are also managed in the same way in accordance with the Company's regulations. The General Affairs Department centrally monitors the status of credit management across the entire Group and reports monthly to the Credit Committee.

When engaging in derivatives transactions, there is almost no credit risk as transactions are limited to financial institutions, trading companies, and members of futures exchanges with internationally high credit ratings.

(b) Management of market risk (risk of fluctuations in exchange rates, interest rates, crude oil or petroleum product prices, etc.)

The Company and some of its consolidated subsidiaries use forward exchange contracts to hedge against the risk of fluctuation in exchange rates, measured monthly, within the scope of actual demand, with respect to foreign currency receivables and payables.

The Company also uses interest rate swap transactions (fixed payment/fluctuating rate) to hedge the risk of fluctuations in interest rates payable on long-term loans payable.

The Company and some of its consolidated subsidiaries use swaps and futures transactions for crude oil and petroleum products within the scope of actual demand in order to hedge against the risk of fluctuations in market prices of crude oil and petroleum products.

With regard to investment securities, which are principally stocks of client companies with which the Group has business ties that are held in the minimum amount necessary, the market prices of listed stocks are recognized for each quarter, and with regard to unlisted stocks, the Company obtains information to recognize the financial positions, etc. of the issuers for each fiscal year.

With regard to derivatives transactions, each department that handles derivatives prepares a trading policy and plan every year based on the Derivatives Management Regulations, which stipulate the purpose of use, trading policy, authority, and procedures related to transactions, reporting systems, etc., and these are approved following review by the General Affairs Department and deliberation by the Derivatives Committee. Transactions are executed and managed separately by the Finance & Accounting Department for foreign exchange and interest rate-related transactions and the Integrated Supply & Trading Department and other departments for commodity-related transactions.

The General Affairs Department monitors the status of transactions and management from the internal control perspective, and reports monthly to the Derivatives Committee. Consolidated subsidiaries also execute and manage transactions based on internal management rules established in accordance with the Company’s Derivatives Management Regulations.

(c) Management of liquidity risk associated with financing (the risk that the Group will be unable to pay by the due date)

Accounts payable, trade, borrowings, and corporate bonds are exposed to liquidity risk, but the Finance & Accounting Department creates and updates cash flow plans in a timely manner based on information from each department, and manages liquidity risk by maintaining an appropriate level of liquidity on hand. Consolidated subsidiaries are financed by Group financing from the Company and other sources based on cash flow plans prepared by each company. In addition, the Company has entered into specified credit line agreements (commitment line agreements) with financial institutions to provide for unexpected demand for funds.

(iv) Supplementary explanation of fair value, etc. of financial instruments

Since the calculation of the fair value of financial instruments takes into account variable factors, such values may change due to the adoption of different assumptions and other factors.

(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, 2025, along with their current values and the variances. Securities without market value (consolidated balance sheet amount: ¥282,394 million) are not included in “Investment securities.” Notes on “cash and deposit,” “notes and accounts receivable, trade,” “accounts receivable, other,” “notes and accounts payable, trade,” “short-term loans payable,” “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’s proportionate interest in their net assets in the balance sheet (consolidated balance sheet amount: ¥13,072 million) are omitted as well:

(million yen)

	Consolidated balance sheet amount	Current value	Variance
(1) Investment securities	23,369	16,611	(6,757)
(2) Long-term loans receivable	56,490		
Allowance for doubtful accounts (Note 1)	(53,942)		
	2,547	2,547	–
Total assets	25,917	19,159	(6,757)
(1) Bonds (including current portion of bonds payable)	140,000	134,625	(5,375)
(2) Long-term loans payable	409,879	398,379	(11,499)
Total liabilities	549,879	533,004	(16,874)
Derivatives (Note 2)	9,921	9,921	–

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

(Note 2) Net receivables and payables resulting from derivatives transactions are presented on net 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	16,611	–	–	16,611
Long-term loans receivable	–	–	–	–
Derivatives	–	9,921	–	9,921
Total assets	16,611	9,921	–	26,533

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

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	–	2,547	–	2,547
Total assets	–	2,547	–	2,547
Bonds payable (including current portion of bonds payable)	–	134,625	–	134,625
Long-term loans payable	–	398,379	–	398,379
Total liabilities	–	533,004	–	533,004

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

Investment securities

Listed shares are valued using the quoted price. As listed shares are traded on active markets, 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 from NSRP are categorized as Level 3. The entire carrying amount of the loans receivable was written off during prior fiscal years when measured at fair value. 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. Long-term loans receivable to NSRP are categorized as Level 3 and an allowance for doubtful accounts is provided for the entire carrying amount at the end of the current fiscal year.

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 as a 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, and categorized 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 classified as Level 3 (those recorded on the consolidated balance sheet at fair value)

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

	Consolidated fiscal year under review (April 1, 2024 to March 31, 2025)	
Balance at the beginning of fiscal year 2024	–	million yen
Gains and losses recorded for the current period (*)	–	
Balance at end of year	–	

(*) There is no balance at the end of the current fiscal year because the entire carrying amount has been written off during prior fiscal years when measured at fair value.

As to the method of measuring fair value of long-term loans receivable categorized as Level 3, refer to “1. (8) Notes on accounting estimates.” The fair value is calculated by the accounting department in accordance with the method described above and the appropriateness of inputs for fair value measurement and fair value level classification is reviewed and authorized within the department.

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 storage tanks, 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 real estate for lease, etc., income on lease was ¥(237) 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 disposal and sales of fixed assets was ¥(1,582) million (accounted for in extraordinary income and loss) and impairment loss was ¥1,052 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
82,493	103,157

(Note 1) The consolidated balance sheet amount is an amount obtained by deducting from the acquisition cost the accumulated depreciation of tangible fixed assets and 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	5,615,592	384,304	235,014	124,094	182,721	6,541,727	10,419	6,552,146
Asia and Oceania	1,252,198	195,022	194,098	35	63,025	1,704,379	3	1,704,383
North America	780,666	5,929	52,120	3,426	–	842,143	29	842,172
Other regions	47,933	1,939	22,132	17	19,499	91,522	–	91,522
Sales to external customers	7,696,391	587,195	503,366	127,573	265,246	9,179,772	10,452	9,190,225

(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	817,349
Contractual assets	205
Contractual liabilities	62,215

“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	46,629
Over one year	207,567
Total	254,196

8. Notes on the information per share

(1) Net assets per share (yen): 1,404.80

(2) Net income per share (yen): 77.83

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

(Note 2) In calculating net assets per share, the 3,124 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 3,124 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.

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 (SS), 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 8.5%.

(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	32,171
Increased amount in connection with the acquisition of property, plant and equipment	486
Adjustments by lapse of time	1,067
Decreased amount as a result of asset retirement obligations	(5,218)
Increased (decreased) amount as a result of changes in estimates (see Note 1)	8,708
Other increased (decreased) amount (see Note 2)	8,991
Balance at end of year	46,207

(Note 1) The Company has changed the amounts of estimates of the expenses to be incurred upon termination of production or mining rights mainly by consolidated subsidiaries and the cost of removing pipes at the site of the Company's former oil refinery. The increased (decreased) amount comprises an increase of ¥8,765 million and a decrease of ¥56 million.

(Note 2) "Other increased (decreased) amount" is, among others, due to the recognition of the cost of removing pipes at the site of the former refinery as an asset retirement obligation.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2024 to March 31, 2025)

(million yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Retained earnings reserve	Reserve for tax purpose reduction entry of fixed assets	Reserve for acquisition of specific shares	Retained earnings carried forward	Total retained earnings
Balance at the beginning of current period	168,351	42,105	353,273	395,378	1,081	30,258	–	433,423	464,763
Changes of items during the period:									
Dividends from surplus								(46,140)	(46,140)
Net income								28,975	28,975
Acquisitions of treasury stock									
Disposals of treasury stock			0	0					
Cancellation of treasury shares			(36,499)	(36,499)					
Reserve for other retained earnings						357	17	(374)	–
Reversal of other retained earnings						(2,351)		2,351	–
Adjustment due to sales and revaluation of land								6,519	6,519
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	(36,499)	(36,499)	–	(1,993)	17	(8,669)	(10,646)
Balance at the end of current period	168,351	42,105	316,773	358,878	1,081	28,264	17	424,753	454,116

	Shareholders' equity		Valuation and translation adjustments				
	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available -for-sale securities	Deferred gains (losses) on hedging activities, net	Surplus from land revaluation	Total valuation and translation adjustments	Total net assets
Balance at the beginning of current period	(11,006)	1,017,486	3,473	657	155,282	159,413	1,176,899
Changes of items during the period:							
Dividends from surplus		(46,140)					(46,140)
Net income		28,975					28,975
Acquisitions of treasury stock	(165,320)	(165,320)					(165,320)
Disposals of treasury stock	136	136					136
Cancellation of treasury shares	36,499	–					–
Reserve for other retained earnings		–					–
Reversal of other retained earnings		–					–
Adjustment due to sales and revaluation of land		6,519			(6,519)	(6,519)	–
Net changes of items other than shareholders' equity			(1,758)	(449)	(10,915)	(13,123)	(13,123)
Total changes of items during the period	(128,683)	(175,829)	(1,758)	(449)	(17,434)	(19,643)	(195,473)
Balance at the end of current period	(139,690)	841,656	1,714	207	137,848	139,770	981,426

(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)	Property, plant and equipment (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) Provision 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 work:	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.
(v) Provision for losses related to contracts:	To provide for possible future losses that may be incurred in the fulfillment of contracts, the Company records an estimated amount of reasonably calculated losses.

(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 interest rate 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

(i) Accounting treatment of deferred assets:

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

(ii) Accounting principles and procedures adopted in cases where the relevant accounting standards are not clearly defined

(Acquisitions of treasury stock)

The Company's Board of Directors approved a resolution at its February 12, 2025 meeting regarding the acquisition of treasury stock, and the acquisition was completed on March 19, 2025. Acquisition of treasury stock is conducted through the use of the Accelerated Share Repurchase (ASR) method (hereinafter the "Method"). The Method applies to cases where the relevant accounting standards are not clear, and the accounting treatment is as follows.

(a) Outline of the Method

The Company first acquired 60,737,500 shares of treasury stock, equivalent to ¥70 billion, at ¥1,152.5 per share through ToSTNeT-3 on March 19, 2025 (hereinafter the "Purchase").

For the Purchase, Daiwa Securities Co., Ltd. borrowed the shares and made the sell order. After the execution of the sell order in the Purchase, Daiwa Securities Co. Ltd. and its subsidiaries and associates (hereinafter the "Daiwa Securities Group") intend to acquire the Company's shares in and out of the stock market at its own discretion and calculation for the purpose of repaying the borrowed shares (hereinafter the "Short Cover Transaction"). Next, with regard to the sales price (hereinafter the "Base Price") of the Company's common stock sold by Daiwa Securities Co., Ltd. in the Purchase, the Company will separately conduct an adjustment transaction using the Company's shares with Daiwa Securities Co., Ltd. (hereinafter the "Scheduled Allottee") which is the allottee of the stock acquisition rights (hereinafter the "Stock Acquisition Rights") issued by the Company in the ASR Transaction so that the effective acquisition unit price of the Company will be equal to the average share price. Specifically, (1) if the average share price is higher than ¥1,152.5, the Company will deliver to the Scheduled Allottee the number of shares of the Company's common stock calculated by deducting the "number of shares obtained by dividing the Base Price by the average share price" from the "number of shares of common stock of the Company sold by the Scheduled Allottee in the Purchase" (hereinafter the "Base Number of Shares") upon exercise of the Stock Acquisition Rights, and conversely, (2) if the average share price is lower than ¥1,152.5, the Company agrees to acquire from the Scheduled Allottee the number of Company shares calculated by deducting the Base Number of Shares from the "number of shares obtained by dividing the Base Price by the average share price" without compensation. Such adjustment to the number of shares to be acquired will be made between September 11, 2025 and March 16, 2026, after the completion of any Short Cover Transaction deemed necessary by Daiwa Securities Group, and will be disclosed separately when the final number of shares to be acquired is determined.

(b) Accounting principles and procedures

The Company's shares acquired through ToSTNeT-3 are recorded as "Treasury stock" under net assets in the balance sheet at the acquisition amount. The Company's shares acquired through this method are included in the treasury stock deducted in the calculation of the average number of shares during the period for the purpose of calculating net income per share.

In accordance with this accounting policy, ¥69,999 million was recorded as "Treasury stock" under the net assets in the balance sheet for the fiscal year under review.

(7) Change in accounting policies

Not applicable.

(8) Changes in presentation methods

Not applicable.

(9) Notes on accounting estimates

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

For the fiscal year under review, the Company recorded ¥19,300 million of allowance for doubtful accounts regarding long-term loans to NSRP. As a result, allowance for doubtful accounts is recorded for the entire amount of ¥53,913 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

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 "10. Notes on asset retirement obligations." in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS."

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	¥715 million
Investments in shares of affiliates	¥2,503 million
Capital contribution	¥1,031 million
Total	¥342,213 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	¥22,345 million
Total	¥22,345 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 property, plant and equipment: ¥1,846,777 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.	¥237,603 million
Idemitsu Gas Production (Vietnam) Co., Ltd.	¥26,730 million
IDEMITSU AUSTRALIA PTY LTD	¥22,191 million
Others	¥43,276 million
Total	¥329,801 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	¥110,272 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:	¥426,807 million
(ii)	Long-term receivables from affiliates:	¥58,735 million
(iii)	Short-term payables to affiliates:	¥640,496 million
(iv)	Long-term payables to affiliates:	¥4,523 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 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 "surplus from land revaluation."

(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 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 fiscal year under review of the land revaluated and the book value thereof after such revaluation:

(¥96,954 million)

3. Notes to the non-consolidated statement of income

(1) Transactions with affiliates:

(i)	Sales:	¥1,520,960 million
(ii)	Purchases:	¥1,880,656 million
(iii)	Transactions other than ordinary business:	¥60,871 million

(2) Gain on cancellation of tie-in shares

Gain on cancellation of tie-in shares of ¥3,122 million resulted from an absorption-type merger whereby Idemitsu Green Power Co., Ltd. became a disappearing company and the Company became the surviving company.

4. Notes to the non-consolidated statement of changes in net assets

Matters concerning the number of treasury stock:

Class of shares	Number of shares as of April 1, 2024	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, 2025
Shares of common stock	13,602 thousand shares	154,609 thousand shares	34,769 thousand shares	133,441 thousand shares

(Note 1) The increase of 154,609 thousand shares in the number of treasury stock is due to the acquisition of 154,608 thousand shares of treasury stock determined by resolution at the meeting of the Board of Directors, and an increase of 0 thousand shares due to the purchase of less-than-one-unit shares.

(Note 2) The decrease of 34,769 thousand shares consists of a decrease of 34,563 thousand shares due to cancellation of treasury stock determined by resolution at the meeting of the Board of Directors, a decrease of 206 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 the fiscal year under review, 3,124 thousand shares were held by the Board Incentive Plan Trust for Officers.

5. Notes on tax effect accounting

(1) Principal components of deferred tax assets and deferred tax liabilities:

(Deferred tax assets)	(million yen)
Tax effect on investments	54,882
Impairment loss on fixed assets	20,909
Reserve for repair work	17,128
Allowance for doubtful accounts	17,079
Retirement allowances for employees	12,242
Asset retirement obligations	8,329
Estimated sales prices	6,662
Retirement benefit trust	6,065
Provision for losses related to contracts	3,243
Fixed assets for research and development	2,894
Accrued interest	2,788
Provision for bonuses	2,708
Accounts payable for removal	1,417
Loss on penalty for LPG business	1,251
Unrealized gains (losses) on available-for-sale securities	89
Deferred loss on hedges	10
Others	4,503
Subtotal of deferred tax assets	162,205
Valuation reserve	(93,446)
Total deferred tax assets	68,759
(Deferred tax liabilities)	
Market price valuation difference due to business combination	(53,210)
Reserve for deferred income tax on fixed assets	(19,026)
Prepaid pension cost	(9,102)
Asset retirement obligations	(2,429)
Tax effect on investments	(1,659)
Unrealized gains (losses) on available-for-sale securities	(997)
Deferred gains on hedges	(100)
Reserve for acquisition of specific shares	(7)
Total deferred tax liabilities	(86,535)
Net deferred tax liabilities	(17,775)

(2) Adjustments to deferred tax assets and deferred tax liabilities due to changes in corporation tax rates, etc.

Due to the enactment of the “Act on Partial Revision of the Income Tax Act” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

As a result, the effective statutory tax rate has been changed from 30.62% to 31.52% for the calculation of deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2026.

As a result of this tax rate change, the amount of deferred tax liabilities (after deducting deferred tax assets) for the fiscal year under review increased by ¥1,019 million and income taxes - deferred increased by ¥1,019 million.

Deferred tax liabilities on land revaluation increased by ¥2,651 million and surplus from land revaluation decreased by the same amount.

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 by the 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)	332,032	Accounts receivable	36,857
						Purchase of oil, etc. (Note 2)	1,313,297	Accounts payable	141,489
						Guarantee of obligations (Note 3)	237,603	–	–
Subsidiary	IDEMITSU ASIA PACIFIC PTE.LTD.	US$157,937 thousand	Management support for overseas branches and overseas financial planning, etc.	100.0 (direct)	None	Accommodation of surplus funds (Note 4)	249,195	Deposits	246,573
Subsidiary	Idemitsu Americas Holdings Corporation	US$1,500 thousand	Development of group financial structure, etc. in the U.S.	87.3 (direct) 12.7 (indirect)	None	Loan extension (Note 5)	87,917	Loans receivable	87,917
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 4)	5,864	Deposits	45,497

Attribute	Trade name	Capital stock (million yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)(%)	Relationship	Transaction	Transaction amount (million yen)	Account item	End-of-year balance (million yen)
Affiliate	Fuji Oil Company, Ltd.	24,467	Import of crude oil, oil refinery, and production and sale of petrochemical products	22.0 (direct)	None	Purchase of petroleum products, etc. (Note 2)	404,267	Accounts payable	51,890
Affiliate	Idemitsu Credit Co., Ltd.	1,950	Credit card and credit guarantee business	50.0 (direct)	None	Collection of trade receivables (Note 6)	1,043,302 (Note 7)	Accounts receivable, other	93,158
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	Loan extension (Notes 5, 8)	19,456	Loans receivable	53,913
						Construction completion guarantee (Note 9)	110,272 (Note 10)	–	–
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 11)	100	Real estate leasing and management , etc.	10.3 (owned in the Company) (direct)	Interlocking officers	Building lease (Note 12)	88	Prepaid expenses	8
								Security deposit	45
						Sale of electricity (Note 13)	24	Accounts receivable	2

Attribute	Trade name	Capital stock (million yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)(%)	Relationship	Transaction	Transaction amount (million yen)	Account item	End-of-year balance (million yen)
Company or other entity whose majority voting rights are held by the Company's officer or his/her close relative	Showa Kosan Co., Ltd (Note 11)	30	Real estate leasing and management, etc.	2.0 (owned in the Company) (direct)	Interlocking officers	Building lease (Note 12)	63	Prepaid expenses Security deposit	5 43
Company or other entity whose majority voting rights are held by the Company's officer or his/her close relative	Mita Kosan Co., Ltd. (Note 14)	100	Real estate leasing and management, etc.	–	Interlocking officers	Sale of electricity (Note 13)	27	Accounts receivable	2

(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 whether to accommodate surplus funds taking into consideration market interest rates.

(Note 5) The Company determines interest rates taking into consideration market interest rates and other factors.

(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) An allowance for doubtful accounts of ¥53,913 million was provided for the balance of loans receivable from Nghi Son Refinery and Petrochemical LLC. In addition, a provision of allowance for doubtful accounts of ¥19,300 million was recorded in the fiscal year under review.

(Note 9) 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 10) The transaction amount represents the portion of the guarantee amount provided by the Company.

(Note 11) Mr. Masakazu Idemitsu, one of the Company’s directors, and his close relatives hold majority of the voting rights.

(Note 12) Rents are calculated based on actual transactions in the vicinity.

(Note 13) The Company determines whether to sell electricity, taking into consideration market prices, etc.

(Note 14) The close relatives of Mr. Masakazu Idemitsu, one of the Company’s directors, hold majority of the voting rights.

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):	801.40
(2)	Net income per share (yen):	21.67

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

(Note 2) In calculating net assets per share, the 3,124 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 3,124 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.

- END -