

(Translation)

Greeting

We would like to express our appreciation for your continued understanding and support of our business activities. Notice of Convocation is hereby given to hold the 108th Ordinary General Meeting of Shareholders on Thursday, June 22, 2023.

In November 2022, we formulated and announced our Medium-term Management Plan starting from FY2023. Our Medium-term Management Plan was formulated to present our current vision and roadmap toward realization of a carbon neutral and circular society. In the plan, we have defined the value provided by our company as “Social Implementation Capability,” and we believe that it is the mission of our company to fulfill our responsibility to promote transition for the realization of carbon neutrality under Vision for 2050 “Shaping Change” while we fulfill our responsibility to continuously supply energy and other resources.

In these times of uncertainty, we believe that it is necessary for us to practice “Truly inspired,” a Management Philosophy under which “power of people” is mobilized to achieve change.

We humbly ask you, our valued shareholders, for your continued support.

Yours very truly,

Shunichi Kito
Representative Director
President
Idemitsu Kosan Co., Ltd.
June 1, 2023

June 1, 2023

To the Shareholders:

NOTICE OF THE 108TH ORDINARY GENERAL MEETING
OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support.

Please note that the 108th Ordinary General Meeting of Shareholders of the Company will be held as described below.

We are convening this Ordinary General Meeting of Shareholders in accordance with measures to provide information in electronic format, such as information contained in the Reference Documents for the General Meeting of Shareholders, etc. (information to be provided in electronic format), as posted on the Internet websites below. Please access and refer to the relevant websites.

Our website: <https://www.idemitsu.com/jp/ir/stock/meeting/index.html>



The Tokyo Stock Exchange's website (TSE Listed Company Information Service):
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



(Please access the TSE website above and enter either “出光興産” (Idemitsu Kosan) in the “銘柄名(会社名)” (Issue name (company name)) field or our securities code “5019” in the “コード” (Code) field, and press the “検索” (search) button. Thereafter, please first select “基本情報” (Basic information) followed by “縦覧書類/PR情報” (Documents for public inspection/PR information). The information can be accessed from the section titled “株主総会招集通知/株主総会資料” (Notice of General Shareholders Meeting /Information Materials for a General Shareholders Meeting) under “縦覧書類” (Documents for public inspection).)

Website at which materials for general meetings of shareholders are available:
<https://d.sokai.jp/5019/teiji/>



If you do not attend the Ordinary General Meeting of Shareholders in person, you may exercise your voting rights either in writing (by post) or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m., Wednesday, June 21, 2023.

Yours very truly,

Shunichi Kito
Representative Director
President

Idemitsu Kosan Co., Ltd.
2-1, Otemachi 1-chome
Chiyoda-ku, Tokyo, Japan

Description

1. Date and hour of the meeting:

Thursday, June 22, 2023, at 10:00 a.m.

2. Place of the meeting:

Otemachi Mitsui Hall
Otemachi One Mitsui Bussan Building 3F
1-2-1, Otemachi, Chiyoda-ku, Tokyo, Japan

3. Matters forming the objects of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the accounting auditors and the Audit & Supervisory Board for the 108th fiscal year (from April 1, 2022 to March 31, 2023)
2. Report on the non-consolidated financial statements for the 108th fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved:

- | | |
|--------------------|--|
| Proposition No. 1: | Election of eleven (11) Directors |
| Proposition No. 2: | Revision of the Content of the Performance-linked Stock Compensation, etc. for Directors, etc. |

4. Matters regarding exercise of voting rights:

1. If you expect to be present by proxy, please make a document evidencing his/her power of attorney presented to a receptionist at the place of the meeting, together with the voting form. (Such proxy must be another shareholder (being one (1) person) of the Company entitled to vote.)
2. If any institutional investor or any other shareholder who holds shares on behalf of third parties desires to diversely exercise voting rights, please give notice to that effect and of the reason therefor to the Company no later than three (3) days prior to the date of this Ordinary General Meeting of Shareholders.
3. All fees payable to Internet service providers and telecommunication carriers (such as phone line charges) in accessing the website for the exercise of voting rights must be borne by the shareholders.

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- The reception of this meeting will begin at 9:00 a.m. on the date of this Ordinary General Meeting of Shareholders.
 - If you exercise your voting rights in writing (by post) and do not indicate your approval or disapproval with respect to any proposition in your voting form, you will be deemed to have indicated your approval.
 - If there are any corrections to information provided in electronic format, we will post a notice on the relevant Internet websites set forth in the preceding page, together with the information before and after the correction.
 - We will send documents containing information provided in electronic format to the shareholders who request delivery of such documents. Please note that the information listed below is not included in those documents in accordance with the applicable laws and ordinances and Article 15 of the Articles of Incorporation of the Company.
 1. “Major business offices and plants,” “Accounting auditors,” and “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” of the Business Report
 2. “Consolidated statement of changes in shareholders’ equity, etc.”, and “Notes to consolidated financial statements”
 3. “Non-consolidated statement of changes in shareholders’ equity, etc.”, and “Notes to non-consolidated financial statements”

As such, the business report, the consolidated financial statements, and the non-consolidated financial statements included in those documents are part of the documents that have been audited by the accounting auditors in preparing their accounting auditors’ report and by the Audit & Supervisory Board Members in preparing their audit report, respectively.

Document Mailing Service for the Reference Documents for
General Meetings of Shareholders (Convocation Notice)

If you were unable to request delivery of written reference documents for general meetings of shareholders (convocation notice), as provided in the Companies Act, and wish to receive them in writing, you may make a request through the website below to receive the reference documents (only for this Ordinary General Meeting of Shareholders) in writing.

Request period: From Thursday, June 1, 2023, 9:00 a.m. to Thursday, June 8, 2023, 5:00 p.m.

Request website: <https://shomen.sokai.jp/5019/2023/10/>



- * If you would also like to receive the reference documents in writing for our next General Meeting of Shareholders, please complete the procedures of our shareholder register administrator, Sumitomo Mitsui Trust Bank, Limited, or the securities company with which you have your own securities account, by the record date (for our Ordinary General Meeting of Shareholders to be held in June 2024, by March 31, 2024).

Instructions for Exercising Voting Rights

Although the following methods are available for voting at the General Meeting of Shareholders, in order to prevent the spread of COVID-19, we recommend that you consider exercising your voting rights either by post or the Internet. As a measure to allow shareholders who do not attend the meeting physically to participate in the meeting, the Company will (1) provide a live stream of the meeting and (2) accept questions in advance. We ask all shareholders to please make use of them.

1. Voting by Attendance at the General Meeting of Shareholders

Please present the enclosed voting form to the reception desk if you are present at the meeting.

Date and hour of the meeting: Thursday, June 22, 2023, at 10:00 a.m.

2. Postal Voting

Please indicate “Approve” or “Disapprove” with respect to each proposition on the enclosed voting form and submit the form.

Votes must be received by: Wednesday, June 21, 2023, 5:00 p.m.

3. Electronic Voting via the Internet, etc.

Please input “Approve” or “Disapprove” in conformance with the guidance on the next page.

Votes must be completed by: Wednesday, June 21, 2023, 5:00 p.m.

<Instructions for filling out the voting form>

Please indicate approval or disapproval with respect to each proposition.

Propositions No. 1

Approval of all candidates: Mark in the box labelled “贊”

Disapproval of all candidates: Mark in the box labelled “否”

Disapproval of certain candidates: Mark in the box labelled “贊” and indicate the number of each candidate you wish to disapprove.

Proposition No. 2

Approval: Mark in the box labelled “贊”

Disapproval: Mark in the box labelled “否”

If you vote both by post and via the Internet, etc., only the vote exercised via the Internet, etc. will be treated as valid.

If you vote more than once via the Internet, etc., only the most recent vote will be treated as valid.

<Instructions for electronic voting via the Internet, etc.>

Voting by scanning the QR Code (“Smart Exercise”)

You can log into the voting website without inputting the voting code and password.

1. Please scan the QR Code located at the lower right of the voting form.
* “QR Code” is a registered trademark of Denso Wave Incorporated.
2. Please input “Approve” or “Disapprove” in conformance with the instructions on the display.
You may only vote by “Smart Exercise” once.
If you would like to change your vote after submitting your vote, please access the PC version of the voting website, log into the website by inputting your “voting code” and “password” included in the voting form, and submit your vote again.
* If you rescan the QR Code, you will be able to access the PC version of the voting website.

Voting by inputting the “voting code” and “password”

Voting website: <https://www.web54.net>

1. Please access the voting website.
(Click on “次へすすむ” (NEXT))
2. Please input the “voting code” included in the voting form.
(Enter “議決権行使コード” (the voting code))
(Click on “ログイン” (Log in))
3. Please input the “password” included in the voting form.
(Enter “初期パスワード” (the initial password))
(Set the new password you will use)
(Click on “登録” (REGISTER))
4. Please follow the instructions on the display, and input “Approve” or “Disapprove”.

If you have any inquiries regarding the operation of a PC, smartphone or mobile phone for electronic voting via the Internet, please contact:

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Web Support
Phone No. 0120-652-031 (toll-free)
(9:00 a.m. to 9:00 p.m.) (JST)

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

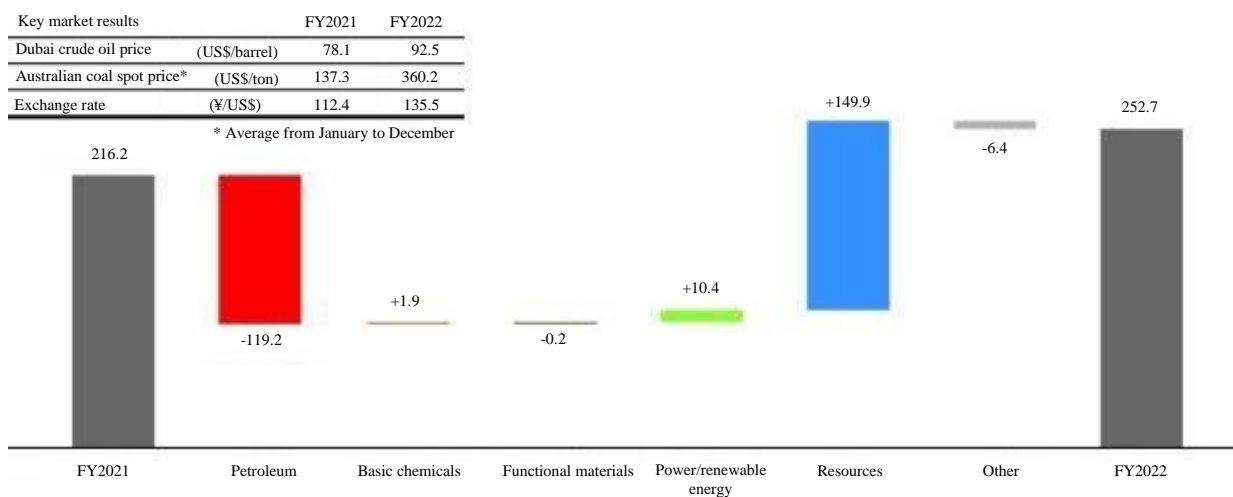
Financial Results Highlights

Consolidated Financial Results for FY2022 (From April 2022 to March 2023)

	Net Sales	Operating Income + Equity Income (In brackets: Excludes inventory impact)	Net Income Attributable to Owners of the Parent (In brackets: Excludes inventory impact)
FY2021 [107th year]	6,686.8 billion yen	449.5 billion yen (216.2 billion yen)	279.5 billion yen (117.7 billion yen)
FY2022 [108th year]	9,456.3 billion yen	308.4 billion yen (252.7 billion yen)	253.6 billion yen (215.0 billion yen)

Factors Affecting Operating Income + Equity Income (excl. inventory impact)

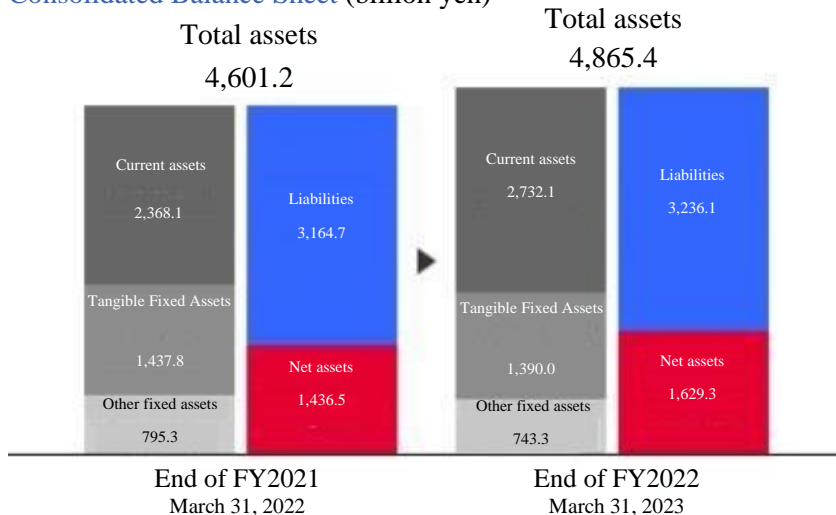
(billion yen)



Points

- FY2022 saw a surge in coal prices from the previous year, reaching approximately US\$360/ton. Income in the resources segment increased significantly, while the petroleum segment decreased from FY2021 due to rising fuel prices, as well as deteriorated product margins attributable to time-lag.
- As a result, the operating income + equity income excluding inventory impact increased approximately ¥36 billion from the previous fiscal year.

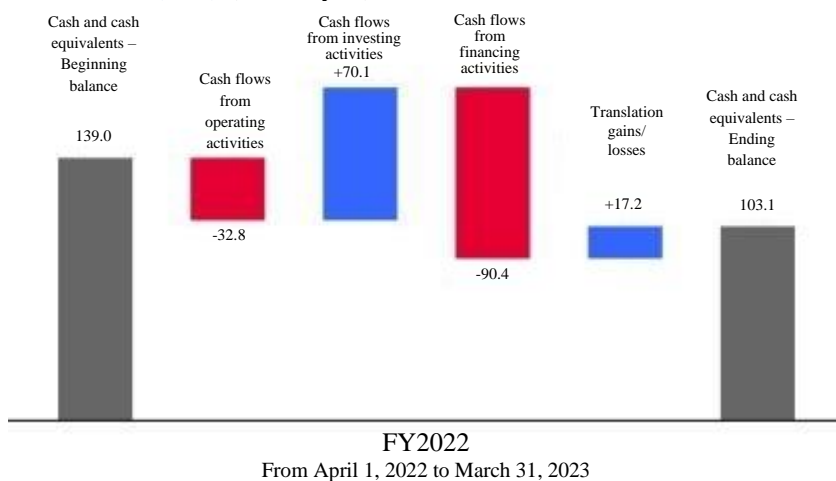
Consolidated Balance Sheet (billion yen)



Points

- Total assets for FY2022 increased to approximately ¥4,800 billion as a result of an increase mainly in inventory due to the strong yen and surging crude oil prices.
- Net income contributed to the accumulation of net assets; however, coupled with an increase in interest-bearing debt, the net D/E ratio remained at the same level as that of the end of the previous fiscal year at 0.9.

Cash Flows (CFs) (billion yen)



Points

- CFs from operating activities were negative, as an increase mainly in inventory, due to the strong yen and surging crude oil prices, exceeded the net income. On the other hand, CFs from investing activities were positive mainly due to gains on asset sales, resulting in free CFs at ¥37.3 billion.
- CFs from financing activities were negative mainly due to dividend payments, with all CFs decreasing approximately ¥36.0 billion in total.

Reference Documents for the General Meeting of Shareholders

Proposition No. 1: Election of eleven (11) Directors

The term of office of all of the Directors will expire at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that eleven (11) Directors be elected.

The candidates for Director are as follows:

Candidate No.		Name		Current position and duties in the Company	Term of office	Meetings attended	
1	Reelection	Shunichi Kito		Representative Director, President and Chief Executive Officer	10	15/15	
2	Reelection	Susumu Nibuya		Representative Director, Executive Vice President and Chief Operating Officer Vietnam Project and Internal Communication Department	3	15/15	
3	Reelection	Atsuhiko Hirano		Director, Executive Vice President Assistant to Chief Executive Officer (Resources, Lubricants and LPG)	3	15/15	
4	Reelection	Noriaki Sakai		Director, Executive Vice President Assistant to Chief Executive Officer (Chief Financial Officer, Public Relations) Procurement Department, and Head of Safety & Environmental Protection Headquarters and Head of Quality Assurance Headquarters	2	15/15	
5	Reelection	Masahiko Sawa		Director, Managing Executive Officer Assistant to Chief Executive Officer (Manufacturing & Technology, Basic Chemicals and Carbon Neutral Transformation)	1	11/11	
6	Reelection	Masakazu Idemitsu		Director (part-time)	4	15/15	
7	Reelection	Kazunari Kubohara		Director (part-time)	4	15/15	
8	Reelection	Takeo Kikkawa	Outside	Independent	Director	6	15/15
9	Reelection	Yumiko Noda	Outside	Independent	Director	2	15/15
10	Reelection	Maki Kado	Outside	Independent	Director	2	14/15

11	New electio n	Jun Suzuki	Outside	Indepen dent	-	-	-
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* Ratio of Outside Directors: 36%


Candidate No. 1	Reelection	Shunichi Kito (April 6, 1956)	
 <p data-bbox="193 754 405 882">Number of shares of the Company held 33,644 shares</p>	<p data-bbox="440 277 978 342">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 353 978 418">April 1980 Joined Idemitsu Kosan Co.,Ltd. (“Idemitsu Kosan”)</p> <p data-bbox="440 430 978 524">April 2005 Deputy General Manager of Personnel Department, Idemitsu Kosan</p> <p data-bbox="440 535 978 629">July 2008 Deputy General Manager of Accounting Department, Idemitsu Kosan</p> <p data-bbox="440 640 978 792">June 2011 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan</p> <p data-bbox="440 804 978 1001">June 2013 Director, Managing Executive Officer and General Manager of Accounting Department, Idemitsu Kosan</p> <p data-bbox="440 1012 978 1077">June 2014 Managing Director, Idemitsu Kosan</p> <p data-bbox="440 1088 978 1182">June 2017 Executive Vice President and Director, Idemitsu Kosan</p> <p data-bbox="440 1193 978 1288">April 2018 Representative Director & Chief Executive Officer, Idemitsu Kosan</p> <p data-bbox="440 1299 978 1420">April 2019 Representative Director, President and Chief Executive Officer, Idemitsu Kosan</p> <p data-bbox="440 1431 978 1583">June 2022 Representative Director, President and Chief Executive Officer, Idemitsu Kosan (to date)</p> <p data-bbox="440 1594 978 1688">Sep. 2022 President, Petroleum Association of Japan (to date)</p>	<p data-bbox="999 277 1402 342">Reason for nomination as candidate for Director</p> <p data-bbox="999 353 1402 1059">Mr. Shunichi Kito has worked as the top manager in the accounting division, has served as the Executive Vice President, and has assumed the position of Representative Director and Chief Executive Officer as of April 2018. Since April 2019, as the President of the New Integrated Company, he has demonstrated his leadership abilities to realize internal harmonization, to maximize the synergy effect of integration, and also to formulate a growth strategy for the realization of the Vision for 2050. Thus, management has judged that he will be able to execute business of the Group properly, fairly and effectively.</p>	

Candidate No. 2	Reelection	Susumu Nibuya (November 22, 1959)	
 <p data-bbox="193 866 408 994">Number of shares of the Company held 27,490 shares</p>	<p data-bbox="440 309 627 376">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 389 576 423">April 1982</p> <p data-bbox="440 459 568 492">June 2008</p> <p data-bbox="440 557 568 591">April 2011</p> <p data-bbox="440 656 568 689">April 2013</p> <p data-bbox="440 824 568 857">June 2015</p> <p data-bbox="440 983 568 1016">June 2017</p> <p data-bbox="440 1048 568 1081">April 2019</p> <p data-bbox="440 1144 568 1178">June 2020</p> <p data-bbox="440 1279 568 1312">June 2022</p> <p data-bbox="440 1480 627 1514">Current duties:</p>	<p data-bbox="635 389 986 456">Joined Idemitsu Kosan Co.,Ltd. (“Idemitsu Kosan”)</p> <p data-bbox="635 463 986 553">Managing Director of Idemitsu Engineering Co., Ltd.</p> <p data-bbox="635 560 986 649">General Manager of Internal Audit Office, Idemitsu Kosan</p> <p data-bbox="635 656 986 822">Executive Officer and General Manager of Corporate Planning Department, Idemitsu Kosan</p> <p data-bbox="635 828 986 981">Director Corporate Planning and General Manager of Corporate Planning Department, Idemitsu Kosan</p> <p data-bbox="635 987 986 1048">Managing Director, Idemitsu Kosan</p> <p data-bbox="635 1055 986 1137">Executive Vice President and Executive Officer, Idemitsu Kosan</p> <p data-bbox="635 1144 986 1272">Representative Director Executive Vice President, Idemitsu Kosan</p> <p data-bbox="635 1279 986 1473">Representative Director, Executive Vice President and Chief Operating Officer, Idemitsu Kosan (to date)</p> <p data-bbox="635 1480 986 1585">Vietnam Project and Internal Communication Department</p>	<p data-bbox="999 309 1310 376">Reason for nomination as candidate for Director</p> <p data-bbox="999 389 1417 994">Mr. Susumu Nibuya has worked as the top manager in the internal audit division and corporate planning division. He has accumulated wide experience, knowledge, and expertise. As Executive Vice President and Representative Director, he has promoted the formulation and implementation of the business policy of the Group and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>

Candidate No. 3	Reelection	Atsuhiko Hirano (August 25, 1962)	
 <p data-bbox="193 898 405 1025">Number of shares of the Company held 5,951 shares</p>	<p data-bbox="443 277 619 338">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="443 353 619 389">April 1985</p> <p data-bbox="443 421 619 456">Sep. 2002</p> <p data-bbox="443 533 619 568">Sep. 2004</p> <p data-bbox="443 636 619 672">March 2005</p> <p data-bbox="443 869 619 904">March 2006</p> <p data-bbox="443 904 619 940">March 2009</p> <p data-bbox="443 981 619 1016">March 2013</p> <p data-bbox="443 1084 619 1120">July 2014</p> <p data-bbox="443 1173 619 1209">April 2019</p> <p data-bbox="443 1308 619 1344">June 2020</p> <p data-bbox="443 1420 619 1456">June 2022</p> <p data-bbox="443 1523 619 1559">Current duties:</p>	<p data-bbox="651 353 970 421">Joined Showa Shell Sekiyu K.K. (“Showa Shell”)</p> <p data-bbox="651 421 970 524">General Manager, Shizuoka Area, Showa Shell</p> <p data-bbox="651 524 970 636">General Manager, Marketing Planning Division, Showa Shell</p> <p data-bbox="651 636 970 860">Executive Officer and General Manager, Marketing Planning Division, concurrently serving as General Manager, Retail Sales Division, Showa Shell</p> <p data-bbox="651 860 970 904">Director, Showa Shell</p> <p data-bbox="651 904 970 972">Corporate Executive Officer, Showa Shell</p> <p data-bbox="651 972 970 1075">Senior Corporate Executive Officer, Showa Shell</p> <p data-bbox="651 1075 970 1173">Representative Director, President, Solar Frontier K.K.</p> <p data-bbox="651 1173 970 1308">Managing Executive Officer of the Company, Idemitsu Kosan Co.,Ltd. (“Idemitsu Kosan”)</p> <p data-bbox="651 1308 970 1411">Director, Managing Executive Officer, Idemitsu Kosan</p> <p data-bbox="651 1411 970 1514">Director, Executive Vice President, Idemitsu Kosan (to date)</p> <p data-bbox="651 1514 970 1648">Assistant to Chief Executive Officer (Resources, Lubricants and LPG)</p>	<p data-bbox="1002 277 1305 338">Reason for nomination as candidate for Director</p> <p data-bbox="1002 353 1401 1025">Mr. Atsuhiko Hirano has worked as the top manager in the fuel sales division and renewable energy division. He formulated the first medium-term management plan for the New Integrated Company and has gained wide experience, knowledge and expertise. He has been responsible for the overall management as the Director and Executive Vice President; promoted restructuring of the functional materials and resources business of the Group, and delivered solid results. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>


Candidate No. 4	Reelection	Noriaki Sakai (April 8, 1961)	
 <p data-bbox="193 956 405 1081">Number of shares of the Company held 17,744 shares</p>	<p data-bbox="438 275 959 342">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="438 349 975 416">April 1985 Joined Idemitsu Kosan Co.,Ltd. (“Idemitsu Kosan”)</p> <p data-bbox="438 423 967 589">July 2010 Deputy General Manager of Tokuyama Refinery and Deputy General Manager Of Tokuyama Plant, Idemitsu Kosan</p> <p data-bbox="438 595 967 819">July 2012 Deputy General Manager of Human Resource Department, Health Insurance Union President and Corporate Pension Fund President, Idemitsu Kosan</p> <p data-bbox="438 826 951 960">July 2015 Deputy General Manager of Accounting Department, Idemitsu Kosan</p> <p data-bbox="438 967 908 1095">June 2017 General Manager of Accounting Department, Idemitsu Kosan</p> <p data-bbox="438 1102 908 1267">July 2018 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan</p> <p data-bbox="438 1274 983 1402">April 2019 Executive Officer and General Manager of Finance Department, Idemitsu Kosan</p> <p data-bbox="438 1408 943 1498">July 2020 Senior Executive Officer Chief Financial Officer, Idemitsu Kosan</p> <p data-bbox="438 1505 983 1610">June 2021 Director, Managing Executive Officer, CFO, Idemitsu Kosan</p> <p data-bbox="438 1617 959 1706">June 2022 Director, Executive Vice President, Idemitsu Kosan (to date)</p> <p data-bbox="438 1713 983 2002">Current duties: Assistant to Chief Executive Officer (Chief Financial Officer and Public Relations), Procurement Department, and Head of Safety & Environmental Protection Headquarters and Head of Quality Assurance Headquarters</p>	<p data-bbox="997 275 1302 342">Reason for nomination as candidate for Director</p> <p data-bbox="997 349 1398 893">Mr. Noriaki Sakai has engaged in sales, human resource, manufacturing, accounting, and finance, and accumulated wide experience, knowledge, and expertise. In addition, he has worked as the top manager in the accounting division and finance division. As CFO, he has promoted reinforcement of management foundations and delivered solid results. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>	

Candidate No. 5	Reelection	Masahiko Sawa (July 11, 1962)	
 <p data-bbox="209 707 389 837">Number of shares of the Company held 6,967 shares</p>	<p data-bbox="440 277 959 342">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 356 975 421">April 1990 Joined Idemitsu Kosan Co.,Ltd. (“Idemitsu Kosan”)</p> <p data-bbox="440 427 951 557">April 2013 Deputy General Manager of Gas Business Department, Idemitsu Kosan</p> <p data-bbox="440 564 967 658">June 2017 General Manager of Technology & Engineering Center, Idemitsu Kosan</p> <p data-bbox="440 665 906 795">April 2019 Executive Officer and General Manager of Hokkaido Refinery, Idemitsu Kosan</p> <p data-bbox="440 801 983 931">June 2021 Senior Executive Officer (in charge of Manufacturing & Technology), Idemitsu Kosan</p> <p data-bbox="440 938 978 1032">June 2022 Director, Managing Executive Officer, Idemitsu Kosan (to date)</p> <p data-bbox="440 1039 938 1234">Current duties: Assistant to Chief Executive Officer (Manufacturing & Technology, Basic Chemicals and Carbon Neutral Transformation)</p>	<p data-bbox="999 277 1305 342">Reason for nomination as candidate for Director</p> <p data-bbox="999 356 1398 860">Mr. Masahiko Sawa has worked as the top manager of the Manufacturing & Technology Department and has accumulated wide experience, knowledge, and expertise in such fields. In addition, as a technical manager he has promoted business restructuring aimed at carbon neutral transition and has steadily achieved results. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>	

Candidate No. 6	Reelection	Masakazu Idemitsu (October 15, 1968)	
 <p data-bbox="188 943 435 1043">Number of shares of the Company held 900,000 shares</p>	<p data-bbox="467 300 943 394">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="467 398 959 566">April 2010 Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts (to date)</p> <p data-bbox="467 571 959 734">Councilor, Public Interest Incorporated Foundation Idemitsu Culture and Welfare Foundation</p> <p data-bbox="467 739 959 869">Dec. 2015 Director and Vice President, Nissho Kosan Co., Ltd. (“Nissho Kosan”)</p> <p data-bbox="467 873 959 967">April 2016 Representative Director and President, Nissho Kosan (to date)</p> <p data-bbox="467 972 959 1167">April 2019 Director, Idemitsu Kosan Co.,Ltd. (“Idemitsu Kosan”) (to date) Representative Director and President, Showa Kosan K.K. (to date)</p> <p data-bbox="467 1171 959 1265">May 2020 Representative Director, MI Power Co.,Ltd. (to date)</p> <p data-bbox="467 1305 959 1469">Oct. 2020 Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory (to date)</p> <p data-bbox="467 1473 959 1666">April 2021 Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (to date)</p>	<p data-bbox="992 315 1294 376">Reason for nomination as candidate for Director</p> <p data-bbox="992 398 1406 869">Mr. Masakazu Idemitsu has assumed the position of Director of the Company as of April 2019. He has an essential understanding of the details of the Company’s business, and the origin of its management, “respect for human beings,” as a grandson of Mr. Sazo Idemitsu, the founder of the Company. Thus, management has judged that, from the long-term perspective, he will be able to perform his duties as Director properly.</p>	

Candidate No. 7	Reelection	Kazunari Kubohara (July 16, 1967)	
 <p data-bbox="193 936 405 1061">Number of shares of the Company held - shares</p>	<p data-bbox="432 266 970 360">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="432 367 970 461">Dec. 2008 Registered as an attorney, established Kyuhodo Law Firm (to date)</p> <p data-bbox="432 468 970 701">April 2010 Committee Member, Tokyo Local Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications</p> <p data-bbox="432 707 970 763">April 2011 Delegate, Dai-Ichi Tokyo Bar Association</p> <p data-bbox="432 770 970 931">Sep. 2015 Auditor, General Incorporated Association for Realizing Prescription of Adequate Amount of Anti-Dementia Drugs</p> <p data-bbox="432 938 970 1032">June 2016 Outside Statutory Auditor, Class Technology Co., Ltd.</p> <p data-bbox="432 1039 970 1167">July 2017 Auditor, Medical Corporation Hakueikai Miyake Dental Clinic (to date)</p> <p data-bbox="432 1173 970 1267">March 2018 Delegate, Japan Federation of Bar Associations</p> <p data-bbox="432 1274 970 1469">April 2018 Vice Chairperson of the Legal Services Obstruction Countermeasures Committee, Dai-Ichi Tokyo Bar Association</p> <p data-bbox="432 1476 970 1536">April 2019 Director, Idemitsu Kosan Co.,Ltd. (to date)</p>	<p data-bbox="975 266 1417 349">Reason for nomination as candidate for Director</p> <p data-bbox="975 367 1417 734">Mr. Kazunari Kubohara has an experience working in a corporate environment before he registered as an attorney, is familiar with corporate legal affairs as an attorney, and has extensive knowledge of corporate management. Thus, management has judged that he will be able to perform his duties as Director properly.</p>	

Candidate No. 8	Reelection	Takeo Kikkawa (August 24, 1951)	
 <p>Number of shares of the Company held - shares</p>	<p>Brief history and position and duties in the Company (and important concurrent office)</p>	<p>April 1987 Associate Professor, Aoyama Gakuin University School of Business</p> <p>Oct. 1993 Associate Professor, Institute of Social Science, University of Tokyo</p> <p>April 1996 Professor, Institute of Social Science, University of Tokyo</p> <p>April 2007 Professor, Hitotsubashi University Graduate School of Commerce and Management</p> <p>Jan. 2013 President, Business History Society of Japan</p> <p>June 2013 Outside Director, Mitsubishi Chemical Holdings Corporation</p> <p>April 2015 Professor, Graduate School of Innovation Studies, Tokyo University of Science (currently, Graduate School of Management, Tokyo University of Science)</p> <p>June 2017 Director, Idemitsu Kosan Co., Ltd. (to date)</p> <p>April 2020 Professor, Graduate School of International Management, International University of Japan</p> <p>April 2021 Vice President, and Professor, Graduate School of International Management, International University of Japan (to date)</p>	<p>Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p>Mr. Takeo Kikkawa has long experience and wide knowledge as a university professor, and has full knowledge about corporate management as an expert in business administration studies and especially in energy industry theory. He has not engaged in corporate management in any manner other than serving as an Outside Officer. However, management has judged that he will be able to perform his duties as an Outside Director properly as he satisfies the “Requirements for Independence of Outside Officers” of the Company and for the above reasons. In addition, when he is elected as an Outside Director, he will operate the Board of Directors properly as the chairman thereof, and will engage in selecting candidates for officers of the Company and deciding the officers’ compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.</p> <p>Business relationship between the candidate and the Company</p> <p>The Company has asked him to hold seminars in the past. His fees for fiscal year 2022 amounted to approximately ¥220 thousand.</p>

Candidate No. 9	Reelection	Yumiko Noda (January 26, 1960)	
 <p data-bbox="193 1061 405 1189">Number of shares of the Company held - shares</p>	<p data-bbox="440 331 967 398">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 434 967 533">April 1982 Joined Tokyo Branch, Bank of America Corporation</p> <p data-bbox="440 539 967 696">March 1996 Deputy General Manager, London Branch, the Long-Term Credit Bank of Japan Ltd. (Head of Structured Finance)</p> <p data-bbox="440 703 967 936">Jan. 2000 Partner, Head of PPP (Public Private Partnership) and Privatization, PwC Financial Advisory Service Co., Ltd. (currently, PwC Advisory LLC) (“PwC”)</p> <p data-bbox="440 943 967 1010">June 2007 Deputy Mayor, Yokohama City</p> <p data-bbox="440 1016 967 1115">Jan. 2011 Partner, Head of PPP and Infrastructure Asia Pacific, PwC</p> <p data-bbox="440 1122 967 1249">Oct. 2017 President and Representative Director, Veolia Japan K.K. (“Veolia”)</p> <p data-bbox="440 1256 967 1384">April 2019 Chairman, Administrative Reform Committee, Japan Association of Corporate Executives</p> <p data-bbox="440 1391 967 1653">June 2020 Vice Chair of the Board of Councilors and Chair of Committee on Environment and Safety, Japan Business Federation Chairman and Representative Director, Veolia (to date)</p> <p data-bbox="440 1688 967 1816">June 2021 Outside Director, Benesse Holdings, Inc. (to date) Director, Idemitsu Kosan Co.,Ltd. (to date)</p> <p data-bbox="440 1823 967 1989">June 2022 Vice Chair of the Board of Councilors and Chair of Committee on Environment, Japan Business Federation (to date)</p>	<p data-bbox="999 300 1374 427">Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p data-bbox="999 434 1398 763">Ms. Yumiko Noda has worked in financial institutions inside and outside of Japan, has served as the Deputy Mayor of Yokohama City and Partner of PwC, etc., and joined Veolia management as President and Representative Director since 2017, and Chairman and Representative Director since 2020. Management has judged that Ms. Yumiko Noda will be able to perform her duties as an Outside Director properly as she has long experience and wide knowledge as a business manager in the fields of finance, global management, and regional revitalization, and satisfies the “Requirements for Independence of Outside Officers” of the Company. In addition, when she is elected as an Outside Director, she will engage in selecting candidates for officers of the Company and deciding the officers’ compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.</p> <p data-bbox="999 1541 1406 1608">Business relationship between the candidate and the Company</p> <p data-bbox="999 1644 1390 1742">There is no business relationship between the candidate and the Company.</p>	

Candidate No. 10	Reelection	Maki Kado (February 16, 1969)	
 <p data-bbox="193 1173 405 1294">Number of shares of the Company held - shares</p>	<p data-bbox="440 300 967 365">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 398 576 463">April 1992</p> <p data-bbox="440 474 576 539">April 1996</p> <p data-bbox="440 573 564 638">May 2000</p> <p data-bbox="440 672 576 736">April 2004</p> <p data-bbox="440 770 564 835">July 2013</p> <p data-bbox="440 869 576 934">April 2014</p> <p data-bbox="440 945 564 1010">Dec. 2014</p> <p data-bbox="440 1043 564 1108">Jan. 2015</p> <p data-bbox="440 1142 576 1207">March 2015</p> <p data-bbox="440 1240 576 1305">August 2015</p> <p data-bbox="440 1339 564 1404">June 2016</p> <p data-bbox="440 1438 576 1503">April 2017</p> <p data-bbox="440 1536 564 1601">Feb. 2019</p>	<p data-bbox="647 398 978 499">Joined NEC Corporation</p> <p data-bbox="647 510 978 611">Joined United Feature Syndicate Inc. JapanBranch</p> <p data-bbox="647 622 978 723">Joined Microsoft Product Development Inc. (currently, Microsoft Japan Co., Ltd.)</p> <p data-bbox="647 734 978 835">Joined Microsoft Corporation Inc. (US) Headquarters</p> <p data-bbox="647 846 978 947">General Manager of Purchasing, salesforce.com Co., Ltd.</p> <p data-bbox="647 958 978 1059">Business Manager, Coca-Cola East Japan Co., Ltd.</p> <p data-bbox="647 1070 978 1171">Director, Coca-Cola Business Services Company, Limited (“Coca-Cola Business Service”)</p> <p data-bbox="647 1182 978 1283">Operating Committee member (Officer), Coca-Cola Cross Enterprise Procurement Group</p> <p data-bbox="647 1294 978 1395">Representative Director and President, Coca-Cola Business Service</p> <p data-bbox="647 1406 978 1507">Representative Director and President, Coca-Cola Business Sourcing Co., Ltd.</p> <p data-bbox="647 1518 978 1619">Budget Committee Chair (Chief Financial Officer), Coca-Cola Cross Enterprise Procurement Group</p> <p data-bbox="647 1630 978 1731">Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan Inc. (“Coca-Cola Bottlers Japan”)</p> <p data-bbox="647 1742 978 1843">Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan</p>	<p data-bbox="999 277 1402 387">Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p data-bbox="999 398 1410 902">Ms. Maki Kado has been engaged in system development and marketing inside and outside of Japan, served as a Representative Director and President of Coca-Cola Business Sourcing Co., Ltd., served as an Executive Officer of Coca-Cola Bottlers Japan., etc., and assumed the position of Executive Officer of Coca Cola Bottlers Japan Holdings in 2020 and Representative Director and President of Coca-Cola Customer Marketing, in 2023. Management has judged that</p> <p data-bbox="999 913 1410 1574">Ms. Maki Kado will be able to perform her duties as an Outside Director properly as she has insight, long experience and wide knowledge in the fields of international business, retail marketing, DX and D&I, and satisfies the “Requirements for Independence of Outside Officers” of the Company. In addition, when she is elected as an Outside Director, she will engage in selecting candidates for officers of the Company and deciding the officers’ compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.</p> <p data-bbox="999 1653 1410 1709">Business relationship between the candidate and the Company</p> <p data-bbox="999 1753 1410 1966">The Company engages in transactions related to vending machine commissions with Coca-Cola Bottlers Japan. The transaction amount for fiscal year 2022 was less than ¥100 thousand.</p>

June 2019	Executive Officer, Head of Procurement and Head of Executive Business Management, Coca-Cola Bottlers Japan
Nov. 2019	Executive Officer, Head of Business Transformation and Head of Procurement, Coca-Cola Bottlers Japan
Jan. 2020	Executive Officer, Head of Business Transformation, Coca-Cola Bottlers Japan
April 2020	Executive Officer, Executive Business Manager, Coca-Cola Bottlers Japan Holdings Inc. (“Coca-Cola Bottlers Japan Holdings”) (to date)
June 2021	Director, Idemitsu Kosan Co.,Ltd. (to date)
Jan. 2022	Executive Officer, Chief Transformation Officer, Coca-Cola Bottlers Japan
Jan. 2023	Executive Officer and Chief Business Management & Sustainability Officer, Coca-Cola Bottlers Japan (to date) Representative Director and Vice President, Coca-Cola Customer Marketing Company, Limited. (“Coca-Cola Customer Marketing”)
April 2023	Representative Director and President, Coca-Cola Customer Marketing (to date)

Candidate No. 11	New Election	Jun Suzuki (February 19, 1958)	
 <p>Number of shares of the Company held 2,500 shares</p>	<p>Brief history and position and duties in the Company (and important concurrent office)</p> <p>April 1983 Joined Teijin Limited</p> <p>April 2011 President, Teijin Holdings Netherlands B.V.</p> <p>April 2012 Corporate Officer, Teijin Limited</p> <p>April 2013 Executive Officer, Teijin Limited</p> <p>April 2014 President and Representative Director CEO (Chief Executive Officer), Teijin Limited</p> <p>April 2022 Chairperson of Teijin Limited, Member of the Board</p> <p>June 2022 Outside Director, The Midori Kai Co., Ltd. (to date)</p> <p>Jan. 2023 ABAC Member (Japan), APEC Business Advisory Council (ABAC) (to date)</p> <p>April 2023 Senior Advisor, Member of the Board, Teijin Limited (to date) Vice Chairman, Executive Director, Japan Association of Corporate Executives (to date)</p>	<p>Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p>Mr. Jun Suzuki has been engaged in the high performance fibers and composite materials business and the pharmaceuticals business at Teijin Limited, and since 2014, he has served as President and Representative Director, CEO, and Chairperson at Teijin Limited, during which time he has played a lead role in the management of the company. Management has judged that Mr. Jun Suzuki will be able to perform his duties as an Outside Director properly as he has a deep understanding of technical fields and a wealth of experience and broad knowledge in the management of a company, and satisfies the “Requirements for Independence of Outside Officers” of the Company. In addition, when he is elected as an Outside Director, he will engage in selecting candidates for officers of the Company and deciding the officers’ compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.</p> <p>Business relationship between the candidate and the Company</p> <p>The Company engages in transactions related to the demand and supply of electricity and the leasing of real estate with Teijin Limited. The transaction amount for fiscal year 2022 was approximately ¥30 million.</p>	

(Notes) 1. Mr. Masakazu Idemitsu is Representative Director and President of Nissho Kosan and Showa Kosan, which are major shareholders of the Company. The Company conducts real estate lease transactions with Nissho Kosan, the transaction amount of which was approximately ¥90 million in fiscal year 2022. The Company does not engage in any transactions with Showa Kosan.

In addition, Mr. Masakazu Idemitsu is the Representative Director of the General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (the "Association"). The Company engages in business transactions relating to corporate history and philosophy with the Association, the transaction amount of which was approximately ¥20 million in fiscal year 2022.

There is no special relationship between any candidate for Directors except Mr. Masakazu Idemitsu and the Company.

2. Mr. Takeo Kikkawa, Ms. Yumiko Noda, Ms. Maki Kado, and Mr. Jun Suzuki are candidates for Outside Director.
3. Under Article 427, Paragraph 1 of the Companies Act of Japan, the Company has entered into agreements with each of Mr. Masakazu Idemitsu, Mr. Kazunari Kubohara, Mr. Takeo Kikkawa, Ms. Yumiko Noda, and Ms. Maki Kado to limit the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act of Japan. Under the agreement, the liability is limited to the amount provided for under law. If the reelection of Mr. Masakazu Idemitsu, Mr. Kazunari Kubohara, Mr. Takeo Kikkawa, Ms. Yumiko Noda, and Ms. Maki Kado is approved, the Company plans to continue each agreement. In addition, if Mr. Jun Suzuki is elected, the Company plans to enter into the same agreement with him to limit the liability for damages.
4. The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board Members with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act of Japan. Under said insurance contract, the insurance company shall compensate for damages that may result from the insured persons (including the Directors of the Company) assuming responsibility in connection with the execution of their duties or receiving claims related to the pursuit of such responsibility. In the event that each candidate is elected and assumes office as the Director of the Company, he/she will be insured under said insurance contract. Said insurance contract will be renewed with the same contents upon the next renewal.
5. The Company has registered Mr. Takeo Kikkawa, Ms. Yumiko Noda, and Ms. Maki Kado as independent officers with the Tokyo Stock Exchange in accordance with its rules. In addition, Mr. Jun Suzuki satisfies the requirements for independent officers set by the Tokyo Stock Exchange, and the Company plans to register him as an independent officer with the Tokyo Stock Exchange.
6. The number of shares of the Company held by each candidate for Director includes the candidate's interests in the Idemitsu Officer Stockholders Committee.
7. The brief history of each Director is as of the preparation date (May 9, 2023) of these Reference Documents for the General Meeting of Shareholders.

(Reference) Skills matrix of Directors and Audit & Supervisory Board members (in case where each of the candidates is elected in this shareholders meeting)



































While fulfilling its social mission of providing a stable energy supply, the Company wishes to contribute to the realization of a carbon neutral society in 2050, and to utilize this as a business opportunity and improve to become a corporate entity that continue to grow sustainably. To this end, it is very important for Directors and Audit & Supervisory Board members, who have various knowledge and experience, to actively discuss matters at the Board of Directors meetings, and enhance the quality of discussions regarding overall management strategies including human resources strategies.

After preparing and disclosing the skills matrix concerning Directors in the reference documents for the 105th Ordinary General Meeting of Shareholders in 2020, the Company continued to review it as necessary in light of the management issues it is facing.


This year, the Company reviewed the areas in which contribution of Directors and Audit & Supervisory Board Members (the “Officers”) are expected based on the newly launched Medium-term Management Plan (FY2023-2025), selected the areas listed below, and elected Officers who have skills, such as knowledge and experience in those areas, while also paying attention to diversity.

For the areas that the Board of Directors members do not have sufficient skills, for example, issues concerning economic security or other areas for which high expertise is required, the Company supplements them by inviting outside experts to Advisory Board meetings and Officer training sessions.

Perspective	Areas of expected contribution	Reason for selection of areas of expected contribution
To lead change	Corporate philosophy / business strategy	The Officers are required to deeply understand and implement the Company’s business objectives and the purpose of its existence, and lead the management to realize the Vision for 2050 based on perspectives such as economic security, SDGs, and DX in the context of a discontinuous management environment.
	Human resources development / D&I	The Officers are required to promote the development of human resources and increase D&I in order to realize “A strong and flexible team that can shape the future, no matter what the future has in store,” which the Company aims to incorporate in its human resources strategy.
	Co-creation / international business	The Officers are required to build a co-creation relationship with diverse partners based on an international perspective in order to enhance its social implementation capabilities toward the realization of the Vision for 2050.
To support business management	Manufacturing / research	The Officers are required to have knowledge of safety in manufacturing and technology, knowledge of trends in innovative advanced technologies, and knowledge of research areas.
	Marketing / supply	The Officers are required to have knowledge of marketing and sales in each field of business, knowledge of retail marketing, and knowledge of procurement and supply.
	Governance / legal affairs	The Officers are required to have knowledge of governance from a shareholder’s perspective, knowledge of risk management related to business operations, and knowledge of legal affairs.
	Finance / accounting / tax	The Officers are required to have knowledge of finance, accounting, and tax affairs that contribute to ensuring capital efficiency and profitability.

Knowledge, Experience		Corporate philosophy / business strategy	Human resources development / D&I	Co-creation / international business	Manufacturing / research	Marketing / supply	Governance / legal affairs	Finance / accounting / tax	Company's reasons for placing  in the relevant columns indicating areas in which it expects the relevant Officer to contribute
Directors									The Company expects him to lead the establishment and implementation of growth strategies for the realization of the Vision for 2050 based on his record of leading the management integration as President of the Company and his insights from his experience as Director in charge of Accounting, Human Resources, and Fuel Business.
	Shunichi Kito								
	Susumu Nibuya								The Company expects him to lead the execution of strategies based on his management experience as Vice President of the Company, his insight as officer in charge of Sustainability, Mobility, and Community Strategy, his expertise from his experience as chair of the D&I Promotion Committee and manager of the Internal Audit Department at a listed company, and his familiarity with its business and the issue it faces.
	Atsuhiko Hirano								The Company expects him to promote business structure reforms, including establishment of a co-creation relationship based on his experience as president of an operating company, his insight from being an officer in charge of corporate planning, and his extensive international business experience in key positions in the solar and petroleum departments.
	Noriaki Sakai								The Company expects him to promote strengthening of the management foundation for its sustainable development, including business structure reforms and human capital investment based on his deep knowledge and expertise from past positions in accounting and finance and his insight from his experience in the Human Resources Department.
	Masahiko Sawa								The Company expects him to promote business structure reforms as a technical manager based on his insight from drafting medium- to long-term management strategies, experience in the international gas business, and management related to technological trends and R&D, his knowledge related to the environment (CCS) and recycling of resources, and his advanced expertise in manufacturing and supply, and his insight into the establishment of a supply chain toward social implementation.
	Masakazu Idemitsu								The Company expects him to strengthen its sustainable development and management foundation in accordance with its Management Philosophy based on his deep understanding of The Origin of Management and the purpose of its existence as a member of the founding family and his long-term perspective on governance as a major shareholder.
	Kazunari Kubohara								The Company expects him to strengthen its management foundations from a multifaceted governance perspective based on his expertise related to corporate law and social problems as an attorney and his familiarity with the real estate business.
Outside	Takeo Kikkawa								The Company expects him to strengthen its management foundations and supervise business structure reforms as an Outside Director based on his insight related to energy transition trends both in and outside Japan and related advanced technologies and his sufficient insight related to corporate management as an expert in business administration, particularly energy industry theory.
Independent									
Outside	Yumiko Noda								The Company expects her to provide supervision for strengthening its management foundation and international business and implementing business structure reforms as an Outside Director based on her management experience and broad-based insight at a global environmental company, and her insight related to finance at financial institutions in Japan and overseas.
Independent									
Outside	Maki Kado								The Company expects her to provide supervision for strengthening its human capital investments and implementing business structure reforms as an Outside Director based on her management experience and broad-based insight in D&I and retail marketing from her past key positions at global beverage companies.
Independent									
Outside	Jun Suzuki								The Company expects him to provide supervision for strengthening its management foundations and implementing business structure reforms as an Outside Director based on his knowledge of corporate management and governance from his experience as president and chairperson of a global chemical company, and his knowledge of a wide range of businesses, such as chemicals and pharmaceuticals and related technologies.
Independent									

Audit & Supervisory Board members	Tsutomu Yoshioka					The Company expects him to provide review in the areas of management foundation and DX to support its strategies based on his experience as president of an operating company, Audit & Supervisory Board member at a listed company, business execution in the Information Systems Department, and as a person responsible in the Sales Department.	
	Hidefumi Kodama						The Company expects him to provide review from finance, accounting, and international business perspectives based on his experience drafting medium- to long-term management strategies, serving as a person responsible for financial management, and management of the international resources and the coal businesses.
Outside	Taigi Ito						The Company expects him to provide review from the perspective of its management foundation supporting its strategies and international business as an Outside Audit & Supervisory Board Member based on his extensive experience as an outside Audit & Supervisory Board member of a listed company, his familiarity with tax and finance matters at listed companies as a certified public accountant, and his experience auditing global businesses.
Independent							
Outside	Yumiko Ichige						The Company expects her to provide review in the areas of management foundation supporting its strategies as an Outside Audit & Supervisory Board Member based on her familiarity with governance at a listed company as an attorney and her experience actively promoting women's advancement, and her familiarity with the fields of intellectual property from her experience serving as a member of the Patent Office Council.
Independent							

 indicates areas to which the Company particularly expects the relevant Director or Audit & Supervisory Board member to contribute and does not represent all of his/her skill and experience.

(Reference)

Independence Requirements for Outside Officers

Independent Outside Officers must not fall under any of the following:

1. A person who has become an executive officer of the Company or its subsidiaries in the present or in the past.
2. A person who is a major shareholder or currently affiliated with an organization that is a major shareholder with a 10% or higher share ratio in the Company's latest shareholder list.
3. A person who is currently affiliated with the Company's business partners or their consolidated subsidiaries with a total annual transaction amount of 2% or more of consolidated net sales in the three most recent business years.
4. A person who is a consultant, accounting professional, legal expert, accounting auditor, or contractor (if they are corporations, associations, or other organizations, those who actually belong to these organizations) who receives money or other properties of ¥10 million or more per annum from the Company other than remuneration for a Director or for Audit & Supervisory Board Member in the three most recent fiscal years.
5. A person who is currently affiliated with non-profit organizations that have received 2% or more of their gross or ordinary income from the Company in the three most recent fiscal years.
6. In the case where a person has belonged to any of the organizations or business partners described in "2." to "5." above, five years have not elapsed since (s)he left the organization or business partner.
7. A person who is the spouse or relative within the third degree of kinship of an officer (excluding those that are not important) or the Company or a specified associated company of the Company.

Proposition No. 2: Revision of the Content of the Performance-linked Stock Compensation, etc. for Directors, etc.

1. Reasons for the proposal and that the revision to the compensation, etc. is appropriate

The Company introduced the performance-linked stock compensation plan (the “Plan”) where shares of the Company are delivered to its Directors (excluding part-time Directors, Outside Directors and those who are non-residents of Japan; the same applies below in this Proposition) and Executive Officers at Senior Executive Officer level or above (excluding those who are non-residents of Japan; the same applies below in this Proposition) (collectively, “Directors, etc.”), in accordance with their official positions and the degree of achievement for performance targets, etc. in order to enhance awareness of contributing to the Company’s medium-to-long-term improvement of performance and increase in corporate value, with the approval of the shareholders at the 103rd Ordinary General Meeting of Shareholders held on June 28, 2018, and revised the content at the 104th Ordinary General Meeting of Shareholders held on June 27, 2019 and the 107th Ordinary General Meeting of Shareholders held on June 23, 2022.

In November 2022, the Company announced its medium-to-long-term vision of becoming a key player in energy and carbon neutrality solutions by 2050 and its medium-term management plan (fiscal years 2023-2025) for the purpose of achieving such medium-to-long-term vision (collectively, “Medium-term Management Plans”).

The Company hereby requests approval for this Proposition, as it desires to revise the Plan (the “Plan Revision”) in order to further strengthen the motivation of Directors, etc. toward continuous improvement of the Company’s corporate value by defining performance indicators under the Plan linked to the business portfolio rearrangement, increased capital efficiency, and enhancement of the environment, society and governance-related efforts, for the purpose of achieving the goals of the Medium-term Management Plans.

This Proposition will pay stock compensation to Directors, etc. separately from the maximum amount of compensation for Directors (¥1200 million or less annually) that was approved at the 91st Ordinary General Meeting of Shareholders held on June 27, 2006.

The Company believes the Plan Revision to be appropriate, as it aims to enhance awareness of Directors, etc. contributing to the Company’s medium-to-long term improvement of performance and increase in corporate value by strengthening the linkage of the Medium-term Management Plans and compensation of Directors, etc. In addition, at its Board of Directors’ meeting held on April 18, 2023, the Company made a resolution on the content of revisions to the policy for deciding the content of the individual compensation, etc. for Directors, etc. taking into consideration the purpose and content of the Plan Revision (an overview is provided at the end of this Proposition). This Proposition is necessary and reasonable in order to grant individual compensation, etc. for Directors whose content conforms to the policy. The Company has established the Nomination and Compensation Advisory Committee, which consists of independent Outside Directors, as a voluntary advisory body to the Board of Directors in order to ensure transparency and objectivity in the compensation decision-making process. The Board of Directors was informed of the opinion regarding the Plan Revision after deliberation by the Nomination and Compensation Advisory Committee.

The number of Directors subject to the Plan will be five if Proposition No. 1 “Election of Eleven (11) Directors” is approved as originally proposed. In addition, as stated above, the Plan targets Executive Officers (at Senior Executive Officer level or above) as well (the number of Executive Officers at Senior Executive Officer level or above who are not concurrently serving as Directors who are currently subject to the Plan is five), and the compensation under the Plan includes compensation for Executive Officers (at Senior Executive Officer or above); however, considering the possibility that those Executive Officers (at Senior Executive Officer or above) may newly assume the office of Director after commencement of the Plan, this Proposition

proposes the amount and content of the overall compensation under the Plan as the compensation, etc. for Directors, etc.

2. Revised amount and content, etc. of the compensation, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan where the Company's shares that are acquired by a trust (the "Trust") using compensation to Directors, etc. to be contributed by the Company, and the money equivalent to the converted value of such shares (the "Company's Shares, etc."), are delivered and granted (the "Delivery, etc.") to Directors, etc. through the Trust. In principle, the Delivery, etc. of the Company's shares to Directors, etc. is carried out after their retirement.

(2) Upper limit of money to be contributed by the Company

The Plan covers the fiscal year subject to the medium-term management plan upheld by the Company (the "Covered Period"). The initial Covered Period after the Plan Revision shall be three fiscal years from fiscal year 2023 (from April 2023 to March 2024) to fiscal year 2025 (from April 2025 to March 2026), subject to the Medium-term Management Plan (fiscal years 2023-2025).

In each Covered Period, the Company will contribute money up to the amount calculated by multiplying ¥640 million by the number of years of the Covered Period (¥1920 million for the three fiscal years which make up the initial Covered Period after the Plan Revision) as compensation for Directors, etc. to create a trust with a period corresponding to the Covered Period in favor of the Directors, etc. who meet the beneficiary requirements (including continuation of the Trust in the second paragraph of this (2); the same applies below). The Trust will acquire the Company's shares from the stock market or the Company (disposition of treasury shares) using the trusted money in accordance with the instructions of the trust executor. The Company's shares in relation to the initial Covered Period after the Plan Revision will be additionally acquired from the stock market; thus, the shares will not be diluted.

The Company will award grant points (as defined in (3) below) to Directors, etc. in each year during the Covered Period and carry out the Delivery, etc. of the Company's Shares, etc. equivalent to the cumulative value of grant points (the "Number of Cumulative Points") from the Trust after their retirement (however, in the case of death of the Directors, etc., at the time of such death; the same applies below).

Upon expiration of the trust period of the Trust, the Trust may be continued by amending the trust agreement and making additional contributions to the trust in lieu of creating a new Trust. In such a case, the number of years corresponding to the then medium-term management plan will be a new Covered Period, and the trust period of the Trust will be extended by a period equal to the new Covered Period. The Company will contribute additional money within the amount calculated by multiplying ¥640 million by the number of years of the new Covered Period for each extended trust period and continue awarding points to Directors during the extended trust period; and the Trust will continue the Delivery, etc. of the Company's Shares, etc. However, in the case of such additional contributions, if there are remaining Company's shares (excluding those that correspond to points awarded to Directors, etc. for which the Delivery, etc. has yet to be made) and money (the "Remaining Shares, etc.") in the trust assets on the last day of the trust period before the extension, then the sum of the amount of the Remaining Shares, etc. and the amount of trust money to be additionally contributed shall be within the amount calculated by multiplying ¥640 million by the number of years of the new Covered Period. If the trust agreement is not

amended and additional contributions are not made to the trust upon expiration of the trust period (or the extended trust period if the Trust is continued), thereafter no points will be awarded to the Directors, etc. However, if any Directors, etc. who may then meet the beneficiary requirements remain in office, the trust period of the Trust will be extended only for a certain period until the Directors, etc. retire and the Delivery, etc. of the Company's shares is completed. Even in such a case, no new points will be awarded to the Directors, etc.

- (3) Calculation method and upper limit of the number of the Company's shares to be delivered to Directors, etc. (including the number of shares subject to the conversion into cash)

The number of the Company's shares subject to the Delivery, etc. to Directors, etc. (including the number of shares subject to the conversion into cash) shall be fixed based on the Number of Cumulative Points. One point shall be equivalent to one share (fractions less than one point shall be rounded off). If the Company's shares belonging to the Trust increase or decrease as a result of splitting of shares; allotment of shares without contribution, consolidation of shares, etc., the Company will adjust the number of the Company's shares per each point subject to the Delivery, etc. (including the number of shares subject to the conversion into cash) in accordance with the ratio of the increase or decrease.

At a certain time each year during the trust period, Directors, etc. will be awarded points calculated by multiplying the basic points, which are prescribed for each official position, by the payment rate based on the degree of achievement of the performance targets for each fiscal year during the Covered Period. The indicators measuring the degree of achievement of the performance targets are highlighted in the Company's medium-to-long term vision and the medium term management plan, and indicators for the initial Covered Period after the Plan Revision include the financial indicators (ROIC, ROE, and fossil fuel business return rate) related to the business portfolio rearrangement, and non-financial indicators that are essential for the realization of carbon neutrality (indicators concerning CO2 reduction and engagement of employees which evaluate efforts toward maximization of employees' growth and fulfillment).

The basic points are calculated by using the following formula: "base amount prescribed for each official position \div the average of the closing price in July 2023 of the Company's shares on the Tokyo Stock Exchange (fractions less than a whole number shall be rounded off)." If the trust period is extended, the basic points shall be the average of the closing price of the Company's shares on the Tokyo Stock Exchange of the month immediately before the month in which the fiscal year in which the commencement date of such extension falls. In addition, the points to be awarded are calculated by using the following formula: "basic points \times payment rate based on the degree of achievement of the performance targets." To Directors, etc. who meet the beneficiary requirements, the Delivery of the Company's Shares, etc. equivalent to the Number of Cumulative Points shall be carried out from the Trust after their retirement.

The total number of points to be awarded to Directors, etc. during the trust period of the Trust shall be up to 200,000 points multiplied by the number of years of the Covered Period. In addition, the number of the Company's shares to be acquired by the Trust for the Delivery, etc. to Directors, etc. during the trust period shall be up to the number of shares equivalent to such maximum number of points. Therefore, for the initial trust period after the Plan Revision, the upper limit shall be the number of shares equivalent to the number multiplied by three that is the number of years of the trust period (600,000 shares). This maximum number of shares has been set in reference to the most recent share prices, etc., taking into account the maximum amount of the trust money in (2) above. If the Trust is continued as stated in the second paragraph of (2) above, the maximum number of points to be awarded to Directors, etc. during the extended trust period shall be the number of points calculated by multiplying 200,000 points by the number of years of the new Covered Period; and the number of the Company's shares to be acquired by the Trust for the Delivery, etc. to Directors, etc. during the trust period shall be the number of shares equivalent

to such maximum number of points. If an adjustment under the first paragraph of (3) is made to the points, the maximum number of the Company's shares to be acquired for the Trust to implement Delivery, etc. to Directors, etc. will also be adjusted in accordance with such adjustment.

- (4) Method and timing of the Delivery, etc. of the Company's Shares, etc. to Directors, etc.

Directors, etc. who meet the beneficiary requirements shall receive the Delivery, etc. of the Company's Shares, etc. equivalent to the Number of Cumulative Points after their retirement. Upon such a time, the Directors, etc. shall be delivered the number of the Company's shares equivalent to 70% of the Number of Cumulative Points (shares less than one unit shall be rounded off); and the remainder shall be converted into cash within the Trust and the money equivalent to the converted value shall be paid to the Directors, etc. If any of the Directors, etc. who meet the beneficiary requirements passes away during the trust period, the number of the Company's shares corresponding to the then Number of Cumulative Points shall be converted into cash within the Trust; and the money equivalent to the converted value shall be paid to their heirs. In addition, if Directors, etc. who meet the beneficiary requirements are dispatched overseas during the trust period, the number of the Company's shares corresponding to the then Number of Cumulative Points shall be converted into cash within the Trust; and the money equivalent to the converted value shall be paid to the Directors, etc.

- (5) Voting rights pertaining to the Company's shares within the Trust

With respect to the Company's shares within the Trust (namely the Company's shares before the Delivery, etc. to Directors, etc. subject to (4) above), no voting rights shall be exercised during the trust period in order to ensure the neutrality of the management.

- (6) Clawback system, etc.

If any Director, etc. commits an act of material misconduct, violation, etc., the Company may confiscate the beneficial rights to the shares to be delivered under the Plan (malus) or demand the return of money equivalent to the shares, etc. delivered (clawback), from the Director, etc.

- (7) Other contents of the Plan

Other contents of the Plan will be determined by the Board of Directors each time upon creation of the Trust, amendment of the trust agreement, and additional contribution to the Trust.

For details of the Plan, please refer to "Announcement on the Continuation and Revision of the Performance-linked Stock Compensation Plan," a timely disclosure dated May 9, 2023, "Announcement on the Partial Revision of the Performance-linked Stock Compensation Plan," a timely disclosure dated May 10, 2022, "Announcement on the Partial Revision of the Performance-linked Stock Compensation Plan and Additional Contribution to the Trust," a timely disclosure dated May 15, 2019, and "Announcement on the Introduction of a Performance-linked Stock Compensation Plan," a timely disclosure dated May 15, 2018.

(Reference)

“Policy for Deciding the Content of the Individual Compensation, etc. for Directors, etc.”

(Basic Policy on Executive Compensation)

The Company’s basic policies regarding compensation for its Directors and Executive Officers (at Senior Executive Officer level or above) (“Directors, etc.”) are: a) to increase corporate performance and corporate value over the medium-to-long term in order to realize the Group’s management vision; and b) to establish a compensation system and decision-making process that is transparent, rational and fair so that the Company can fulfill its accountability to customers, society, the environment, shareholders, business partners, employees, and other stakeholders. Based on this policy, in its Board of Directors’ meeting held on April 18, 2023, the Company has made a resolution regarding the content of the revisions to the policy to determine the content of the compensation, etc. for each individual Director, etc. as follows: The Company has established the Nomination and Compensation Advisory Committee, which is composed of Independent Outside Directors, as the Board of Directors’ voluntary advisory body, and the Committee has conducted a multi- faceted review of the original draft concerning the decision regarding the compensation, etc. for each individual Director, etc., including whether such report is consistent with the decision policy, and which the Board of Directors also respects, and have determined that it is consistent with the decision policy.

(Compensation Standard)

Compensation levels for Directors, etc. shall be reviewed as appropriate in light of changes in the business environment and external survey data, for the purpose of utilizing and securing high quality personnel who contribute to the realization of the medium-to-long term management vision, and offering appropriate incentives.

(Compensation Structure)

Compensation system for the Company’s Directors (excluding part-time Directors and Outside Directors) and Executive Officers at Senior Executive Officer level or above is based on business portfolio rearrangement, increased capital efficiency, and enhancement of the environment, society and governance-related efforts for the realization of the medium-to-long term management vision, which in turn will lead to further improvement of corporate value. Specifically, the compensation consists of (1) fixed compensation, (2) performance-linked bonuses, and (3) performance-linked stock compensation, so that the link with performance in the short term and the medium-to-long term will be emphasized respectively and the management’s efforts toward improvement of corporate value over the medium-to-long term will be evaluated appropriately.

The ratios of (i) fixed compensation, (ii) performance-linked bonuses, and (iii) performance-linked stock compensation at the time of standard payment are set at approximately (i) 50%, (ii) 25%, and (iii) 25%. Compensation for part-time Directors and Outside Directors consists solely of fixed compensation from the perspective of ensuring appropriate supervisory functions for assessing the appropriateness of business execution from an objective standpoint.

Fixed compensation shall be paid on a monthly basis in an amount determined according to the role and responsibilities for their duties.

Performance-linked bonuses are designed to fluctuate within a range of 0 - 200% according to the degree of achievement concerning the Company’s key financial indicators (the

current net income attributable to shareholders of the parent company, excluding inventory impact (the “current net income”), consolidated operating income excluding the inventory impact, plus equity in earnings (losses) of nonconsolidated subsidiaries and affiliates (the “operating income + equity income”), non-financial indicators (personnel and capital related indicators indicated in the Medium-term Management Plans), Directors’ “behavioral targets” (important strategic tasks for restructuring) set by each member of the management team taking into consideration their own roles and responsibilities for their duties, and the “targets for responsible areas” of Executive Officers at Senior Executive Officer level or above. Performance-linked bonuses will be granted in June every year.

From the perspective of sharing value with shareholders and continued improvement of corporate value, performance-linked stock compensation places a particular emphasis on the link with the 2030 vision and the medium-term management plan (fiscal years 2023-2025). Specifically, performance-linked stock compensation is designed to fluctuate within the range of 0 - 200% in accordance with the degree of achievement concerning the financial indicators, including those related to business portfolio rearrangement (ROIC, ROE, and fossil fuel business return rate), and non-financial indicators, including those that are determined in accordance with materiality to the Company (indicators for measuring CO2 reduction essential for the realization of carbon neutrality and a circular society, and those for measuring engagement of employees to evaluate efforts toward maximization of employees’ growth and fulfillment).

Stock is given to Directors, etc., after their resignation, so they will have an incentive to increase the corporate value over the medium-to-long term.

If any Director, etc. commits an act of material misconduct, violation, etc., the Company may confiscate the beneficial rights to the shares to be delivered under the performance-linked stock compensation plan (malus) or demand the return of money equivalent to the shares, etc. delivered (clawback), from the Director, etc.

Indicators for the performance-linked bonuses and performance-linked stock compensation, and the evaluation weight of each indicator, are determined as follows, and the Company believes that their structure is appropriate for purposes of realizing continued improvement of the corporate value:

Indicator	Performance-linked bonuses	Performance-linked stock compensation
Indicators concerning profitability (current net income attributable to shareholders of the parent company, excluding inventory impact, consolidated operating income + equity income)	40%	—
Indicators for capital efficiency (ROIC, ROI)	—	40%
Fossil fuel business return rate	—	20%
CO2 reduction	—	20%
Engagement of employees	—	20%
Personnel and capital-related indicators	20%	—
Behavioral targets (Directors) / targets for responsible areas (Executive Officers at Senior Executive Officer level or above)	40%	—

(Process for determining compensation)

The Company has established the Nomination and Compensation Advisory Committee, which consists of Independent Outside Directors, as an advisory body to the Board of Directors in order to enhance independency and objectivity of the Board of Directors' functions and to enhance the fulfillment of the Board of Directors' accountability pertaining to the determination of Officers' compensation. In addition, individual compensation, etc. of auditors is determined through consultation among auditors. Compensation, etc. of Officers will be paid within the upper limit of compensation, etc. resolved at a shareholders' meeting.

End.

(Attached document)

BUSINESS REPORT

(April 1, 2022 to March 31, 2023)

1. Current status of Idemitsu Group (the “Group”)

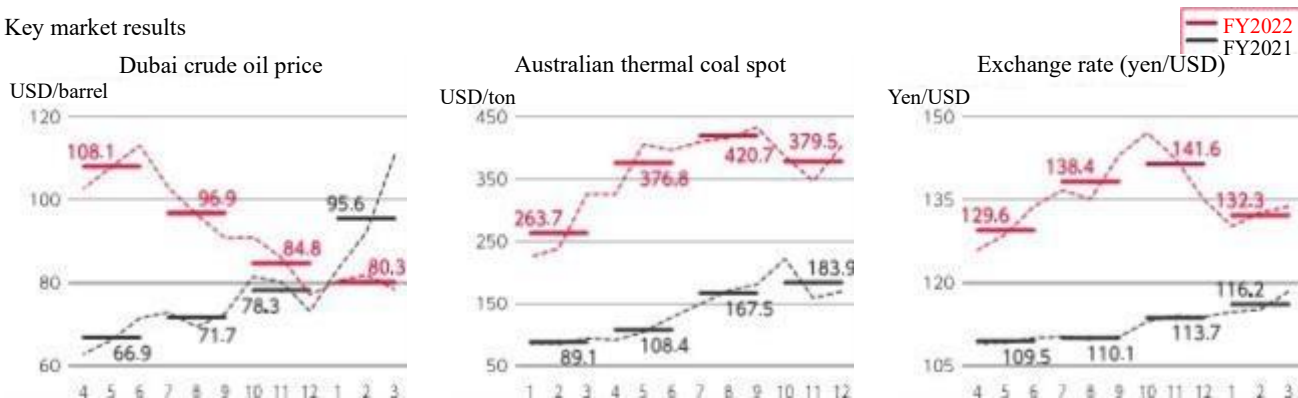
(1) Business environment and overview:

During fiscal year 2022, crude oil, coal, and other resource prices soared to historic highs in the wake of Russia’s invasion of Ukraine. Additionally, the yen depreciated steeply against the US dollar, reflecting the widening gap between Japanese and U.S. policy interest rates, heavily impacting the Group’s performance.

Under such a business environment, net sales of the consolidated results for fiscal year 2022 amounted to ¥9,456.3 billion, up ¥2,769.5 billion year-on-year. Operating income plus equity income (excluding inventory impact) was ¥252.7 billion, a year-on-year increase of ¥36.4 billion, mainly due to coal price hikes. Current net income (excluding inventory impact) was ¥215.0 billion, up ¥97.3 billion year on year. Current net income including inventory impact was ¥253.6 billion, down ¥25.9 billion year-on-year, mainly due to reduced inventory impact resulting from falling crude oil prices.

In terms of the former medium-term management plan for fiscal years 2020 through 2022, the Group has achieved the targets under both the profit plan and the capital efficiency plan, mainly as a result of increased income in the coal business due to high resource prices. Profits exceeding those forecasted will be allocated for investment in business structure reforms and shareholder return.

Key market results



FY 2022 Consolidated Financial Results

(billion yen)

	FY2021	FY2022	Change
Net sales	6,686.8	9,456.3	+2,769.5
Operating income + equity income	449.5	308.4	-141.1
(excl. inventory impact)	(216.2)	(252.7)	(+36.4)
Current net income	279.5	253.6	-25.9
(excl. inventory impact)	(117.7)	(215.0)	(+97.3)

Results for the Former Medium-term Management Plan (billion yen)

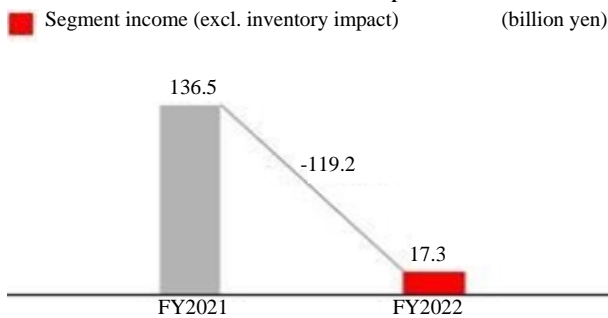
	FY2020-2022 Medium-term Management Plan	FY2020-2022 Results	Change
Operating income + equity income*	410.0	561.8	+151.8
Current net income*	220.0	362.4	+142.4
ROIC (end of FY2022)*	4.2%	5.9%	+1.7%
ROE (end of FY2022)*	8.0%	14.2%	+6.2%

*Excluding inventory impact

Business progress and results:

Petroleum segment

Domestic sales of petroleum products exceeded those of the previous year in volume mainly due to the easing of COVID-related activity restrictions. However, segment income decreased year-on-year, owing to factors such as time-lags on the negative effects that occur when crude oil prices fall.



Topics

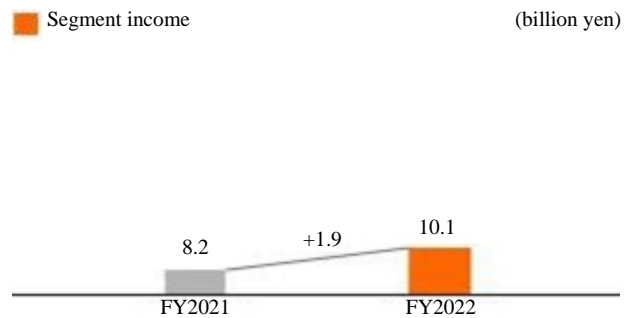
Digital transformation (DX) at service stations

The Group launched a new smartphone payment service, “Mobile DrivePay,” following the introduction of Drive On, a dedicated app for car maintenance reservations and coupon distribution. This has enhanced customer convenience and operability of service stations.



Basic chemicals segment

Segment income increased year-on-year mainly as a result of a recovery in product demand due to a reversal of China’s zero-COVID policy, as well as a recovery in product margins in Asia.



Topics

Initiatives to use recycled plastic in commercial operations

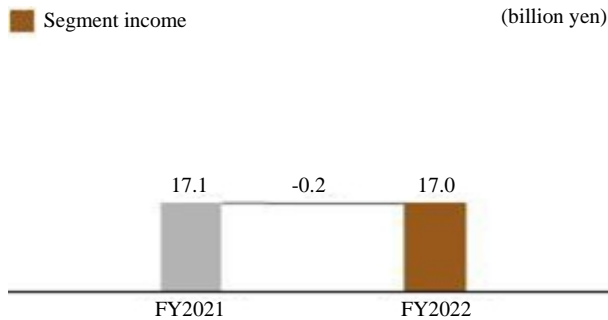
The Group has decided to invest in a plastic chemical recycling facility in the Chiba Complex area, aiming to launch commercial operations in FY2025. The Group will introduce an innovative recycling technology for the manufacturing equipment in the Chiba Complex—an initiative to establish a recycling chain for difficult-to-recycle plastics.



Aerial view of the Chiba Complex

Functional materials segment

The lubricants and performance chemicals businesses, among others, were impacted by the situation in Ukraine, declining product demand due to the COVID-19 pandemic, and supply chain disruptions. However, segment income was generally on a par with that of the previous year, as a result of improved profitability, mainly due to a reduction in the cost of materials used in the functional paving materials business.



Topics

Development of a next-generation environmentally friendly lubricant

In September 2022, the Group launched “idemitsu AshFree,” an ash-free low-phosphorus diesel engine oil and the first of its kind in the industry. This original Idemitsu product helps to minimize DPF* issues, extend shelf life, and lower fuel consumption. Going forward, the Group will continue to further develop environmentally friendly products.

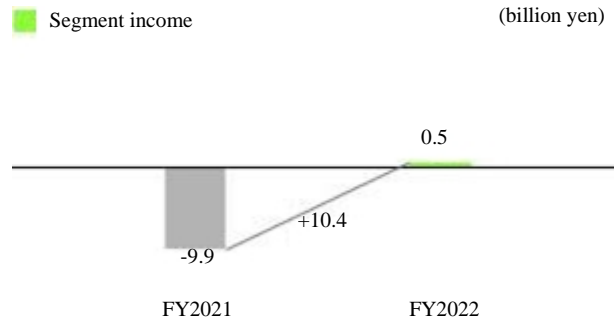
*DPF: diesel particulate filter



idemitsu AshFree

Power and renewable energy segment

The segment recorded profits as a result of profitability improvement efforts in the power business, including initiatives toward supply/sale of internally generated power. Structural reforms in the solar business are also steadily progressing.



Topics

Tokuyama Biomass Power Plant commences commercial operations

The Group’s fourth biomass power plant was completed in the Tokuyama Complex and commenced commercial operations in January 2023. In the medium to long term, the Group will contribute to sustainable forestation and forestry promotion, and to the construction and development of a local circular economy by mainly using domestically produced thinned wood. Through these initiatives, the Group will increase its efforts to convert its complexes into CNX centers* to turn carbon neutrality into a reality.

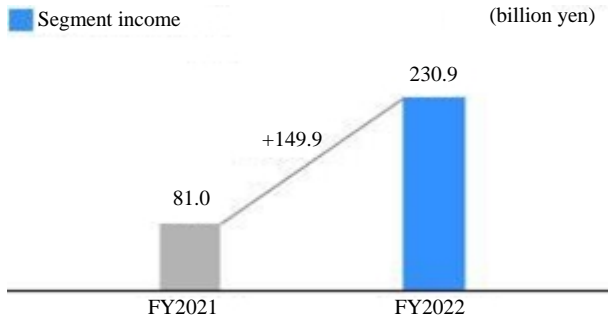
* Conversion of existing manufacturing bases from conventional refineries to new low-carbon and resource recycling energy hubs



Tokuyama Biomass Power Plant

Resources segment

Income in the resources segment increased significantly year on year due to soaring coal prices. In the oil/natural gas exploration and production business, production at oil and gas fields in Vietnam performed strongly as well, contributing to overall income.



Topics

Production launch of Idemitsu Green Energy Pellets

The first plant for production of Idemitsu Green Energy Pellets, a carbon-neutral fuel alternative to coal, will commence commercial production in FY2023 in Vietnam to contribute to providing a stable energy supply and lowering CO₂ emissions, with the goal of establishing a 3-million-ton annual supply system by 2030.



Idemitsu Green Energy Pellets

Forecasts for FY 2023 Consolidated Financial Results (from April 2023 to March 2024) (¥billion)

Key market results		FY2022	FY2023
Dubai crude oil price	(US\$/barrel)	92.5	80.0
Australian thermal coal spot price*	(US\$/ton)	360.2	170.0
Exchange rate	(¥/US\$)	135.5	130.0

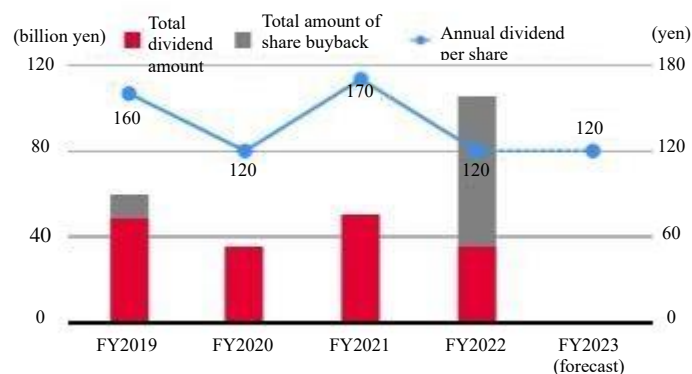
* Average from January to December

	FY2022 (actual)	FY2023 (forecast)	Change
Net sales	9,456.3	8,300.0	-1,156.3
Operating income + equity income	308.4	155.0	-153.4
(excl. inventory impact)	(252.7)	(185.0)	(-67.7)
Net income attributable to owners of the parent	253.6	100.0	-153.6
(excl. inventory impact)	(215.0)	(120.0)	(-95.0)

- Group-wide income is expected to decrease in FY2023 in response to the soaring resource prices observed during FY2022. However, strong income is expected in segments other than the resources segment.

Segment income	FY2023 (forecast)
Petroleum	73.0
Basic chemicals	21.0
Functional materials	19.0
Electricity and renewable energy	0
Resources	95.0
Other	-23.0
Total	185.0

Shareholder returns



- FY2022 financial results

The year-end dividend was ¥60 per share, and the annual dividend was ¥120 per share.

The Group decided on a share buyback of ¥60 billion in February 2023. As a result, the total return ratio was 50.3% of current net income, excluding inventory effects for the three-year period from FY2020 to FY2022.

- FY2023 forecast

Under the new Medium-term Management Plan, the Group plans to distribute ¥120 per share (full year) as dividends.

The Group will also provide shareholders with a total return ratio of at least 50% of current net income, excluding inventory effects for the three-year period from FY2023 to FY2025.

Overview of financial position:

Summary of consolidated balance sheet

(Unit: ¥Billion)

	FY ending March 2022	FY ending March 2023	Change
Current assets	2,368.1	2,732.1	+364.0
Fixed assets	2,233.1	2,133.3	-99.8
Total assets	4,601.2	4,865.4	+264.2
Current liabilities	2,061.3	2,164.0	+102.7
Non-current liabilities	1,103.4	1,072.1	-31.3
Total liabilities	3,164.7	3,236.1	+71.4
Total net assets	1,436.5	1,629.3	+192.8
Total liabilities and net assets	4,601.2	4,865.4	+264.2

a) Total assets

Total assets increased by ¥264.2 billion from the end of the previous fiscal year to ¥4,865.4 billion, mainly reflecting an increase in inventory owing to the acquisition of additional shares of Seibu Oil Company Limited which then became a consolidated subsidiary of the Group, and an increase in the unit cost of inventory items, despite a decrease in tangible fixed assets mainly due to asset sales.

b) Total liabilities

Total liabilities as of March 31, 2023 amounted to ¥3,236.1 billion, an increase of ¥71.4 billion from the end of the previous fiscal year, mainly due to an increase in interest-bearing debt, while accounts payable-trade decreased, due to a decline in crude oil prices.

c) Total net assets

Total net assets as of March 31, 2023 amounted to ¥1,629.3 billion, an increase of ¥192.8 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent, despite dividend payments.

As a result, the equity ratio improved from 30.7% at the end of the previous fiscal year to 33.2%, up 2.5 points. The Net D/E ratio as of March 31, 2023, was 0.9 (end of the previous fiscal year: 0.9).

Investment in plant and equipment:

Segment	Amount of investment in plant and equipment (billion yen)	Principal capital expenditures
Petroleum	49.3	Restructuring, maintenance, and renewal of facilities of the refineries; enhancement, maintenance, and renewal of the sales facilities of service stations
Basic chemicals	8.4	Restructuring, maintenance, and renewal of production facilities
Functional materials	6.7	Restructuring, maintenance and renewal of production facilities
Power and renewable energy	12.5	Construction, maintenance, and renewal of power stations
Resources	14.8	Development and maintenance of oil and gas fields; maintenance and renewal of coal production facilities, etc.
Others	6.9	Maintenance and renewal of research and development facilities, etc.
Total	98.7	-

Financing:

The Group's working capital requirements were derived mainly from the purchase of raw materials for the manufacture of products, and fluctuated in response to crude oil prices and foreign exchange rates. In fiscal year 2022, short-term loans increased by ¥142.3 billion compared to the end of the previous fiscal year, mainly due to (i) the Group making Seibu Oil Company Limited a subsidiary by reconsidering the Group's manufacturing and supply system in anticipation of a reduced demand for petroleum products in the future, and (ii) further depreciation of the yen. In regard to the funds for capital expenditures, in consolidated fiscal year 2022, the Group made investments in the amount of ¥98.7 billion, borrowings in the amount of ¥13.7 billion, and issuance of ¥20.0 billion of transition bonds. Transition bonds were issued in July 2022 as a means for the Group to fund its efforts to turn carbon neutral/circulatory society into a reality—one of its missions of its corporate vision for 2030 to become a "Reliable Partner for a Brighter Future."

As a result of the foregoing, the Group's interest-bearing debt balance as of the end of fiscal year 2022 was ¥1,503.4 billion, an increase of ¥138.5 billion compared to the end of the previous fiscal year.

(2) Assets and income/loss:

Item	105th year April 1, 2019 - March 31, 2020	106th year April 1, 2020 - March 31, 2021	107th year April 1, 2021 - March 31, 2022	108th year (FY 2022) April 1, 2022 - March 31, 2023
Net sales (million yen)	6,045,850	4,556,620	6,686,761	9,456,281

Ordinary income (loss) (million yen)	(13,975)	108,372	459,275	321,525
Net income (loss) attributable to owners of the parent (million yen)	(22,935)	34,920	279,498	253,646
Current net income (loss) per share (yen)	(76.31)	117.47	940.15	853.37
Total assets (million yen)	3,886,938	3,954,443	4,601,183	4,865,370
Net assets (million yen)	1,200,564	1,215,136	1,436,512	1,629,308
Net assets per share (yen)	3,868.68	3,871.69	4,749.70	5,510.24

(3) Major parent company and subsidiaries:

(i) Relationship with the parent company:

Not applicable.

(ii) Major subsidiaries:

Name	Capital	Ratio of voting rights of the Company (%)	Main business
Idemitsu Tanker Co., Ltd.	¥1,000 million	100.0	Transportation of crude oil and petroleum products
SHOWA YOKKAICHI SEKIYU CO., LTD.	¥4,000 million	75.0	Petroleum refining
TOA Oil Co., Ltd.	¥8,415 million	100.0	Petroleum refining and power generation
Seibu Oil Company Limited	¥8,000 million	100.0	Petroleum refining and sale
Idemitsu Retail Marketing Co., Ltd.	¥80 million	100.0	Sale of petroleum and other products
Idemitsu Supervising Co., Ltd.	¥10 million	100.0	Sale of petroleum and other products
IDEMITSU Energy Solutions Co. LTD.	¥100 million	100.0	Sale of petroleum and other products
IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	US\$45,156 thousand	100.0	Import, export, and trading of crude oil, petroleum products, etc.
IDEMITSU APOLLO CORPORATION	US\$165 thousand	100.0	Import, export, and sale of petroleum products, etc.
Idemitsu Unitech Co., Ltd.	¥2,600 million	100.0	Manufacture and sale of plastic products
SDS Biotech K.K.	¥810 million	100.0	Manufacture, import, and sale of agricultural chemicals
RS Renewables K.K.	¥100 million	100.0	Development and maintenance of solar power plants, and sale of electricity
Idemitsu Gas Production (Vietnam) Co., Ltd.	¥1 million	100.0	Development of gas fields in Vietnam, and production and sale of gas
IDEMITSU AUSTRALIA PTY LTD	A\$106,698 thousand	100.0	Investigation, exploration, development, and sale of coals
IDEMITSU ASIA PACIFIC PTE.LTD.	US\$157,937 thousand	100.0	Overseas administration functions

- (Notes) 1. The “Ratio of voting rights of the Company” is shown by including those held indirectly through its subsidiaries.
2. The “Ratio of voting rights of the Company” is shown by calculating down to the second decimal place and thereafter rounding upward or downward to the nearest first decimal place, as the case may be.

(4) Issues to be addressed by Idemitsu Kosan Group – Medium-term Management Plan

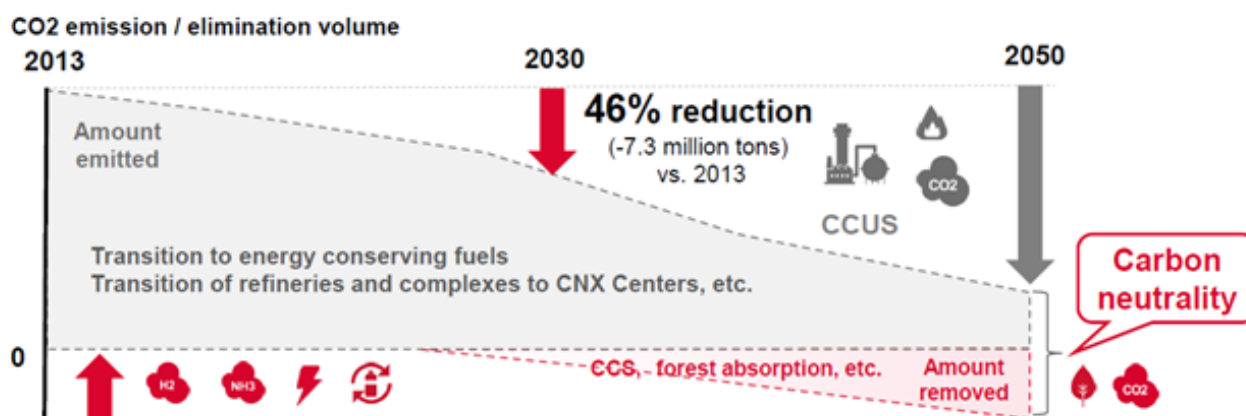
Vision for 2050

- The Company determined that it should consider the future of energy in 2050 and beyond, and also its ideals from a long-term perspective, and thus, it formulated “Vision for 2050 – Shaping Change.”
- The Company will fulfill its “responsibility to support people and their daily lives” and “responsibility to protect the global environment now and in the future” by shaping and socially implementing its changes in 3 business domains: “Energy one step ahead,” “Diverse resource conservation/circulation solutions,” and “Smart Yorozyua.”

Shaping Change

Roadmap to Carbon Neutral 2050

- The Company will achieve Carbon Neutral 2050 (= net zero CO2 emissions) from its own operations (Scope1+2) and pursue a Carbon Neutral Society for the entire supply chain (Scope 3) by providing solutions to businesses and consumers.
- As an interim goal, the Company set the emission reduction target for its own operations (Scope1+2) by 2030 at -46% vs. 2013 (-7.3 million tons), by which the Company will realize the aims of its roadmap.



● 3 Business Domains towards Evolution of the Business Portfolio

● The Company aims to become a “main player in energy and carbon neutral solutions” by restructuring its business domains, including its existing domains, into the following 3 business domains, and treating its new social implementation theme as its core business:

<Social implementation theme in each domain>

1 » **Energy one step ahead**



- Synthetic fuel
- Idemitsu Green Energy Pellets
- SAF (Sustainable Aviation Fuel)
- Bio-diesel
- Blue ammonia
- Blue hydrogen

2 » **Diverse resource conservation / circulation solutions**



- Biochemicals / lubricants
- Solid electrolytes for lithium battery
- Environment-friendly agriculture and livestock materials
- High-speed telecommunications / next-generation displays
- Lighter / reinforced mobility
- Resource circulation / recycling

3 » **Smart Yorozyua**



- Different SS types
- Ultra-compact EV
- EV recharging / maintenance
- Maas (Mobility as a service)
- Dispersed power

FY2030 Management Targets

- 2030 will be a turning point to partially realize the 2050 Carbon Neutral transition while still providing steady supplies of energy and materials, and the Company has thus set its management targets for FY2030 as its turning point as follows:

Financial Targets	
Operating + Equity Income (excluding inventory impact)	Fossil fuel business profit contribution*1

¥270 billion **≤50%**

ROE

10%

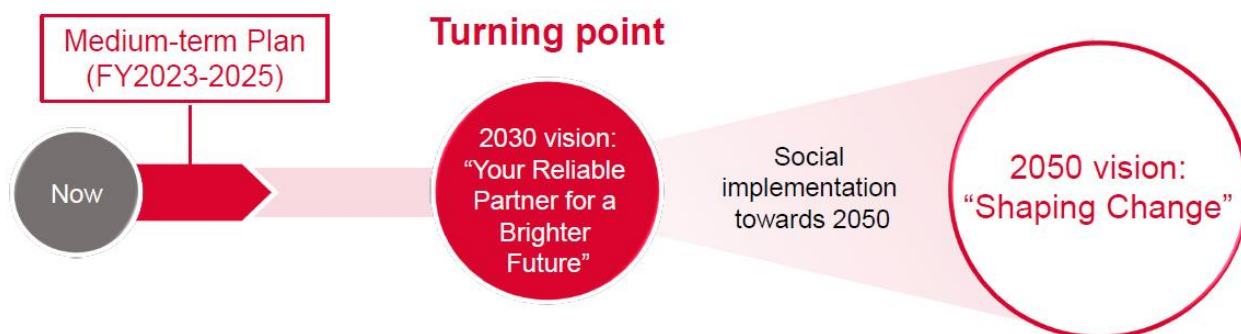
ROIC

7%

*1 Fossil fuel business profit contribution = percentage of company-wide profits from the petroleum and resources businesses (operating + equity income) [excluding inventory impact]

*2 Indicator to monitor the commitment level of the employee towards the organization

Non-financial Targets		
GHG Reduction		
CO2 reduction (Scope1+2) vs. 2013		-46%
Human Capital Investments		
Idemitsu Engagement Index*2		≥80%
D&I		
Female recruiting ratio	Female ratio in key positions	Male ratio taking childcare leave
≥50%	≥10%	100%
Investments in education per employee		
≥¥100,000 (top class in Japan)		

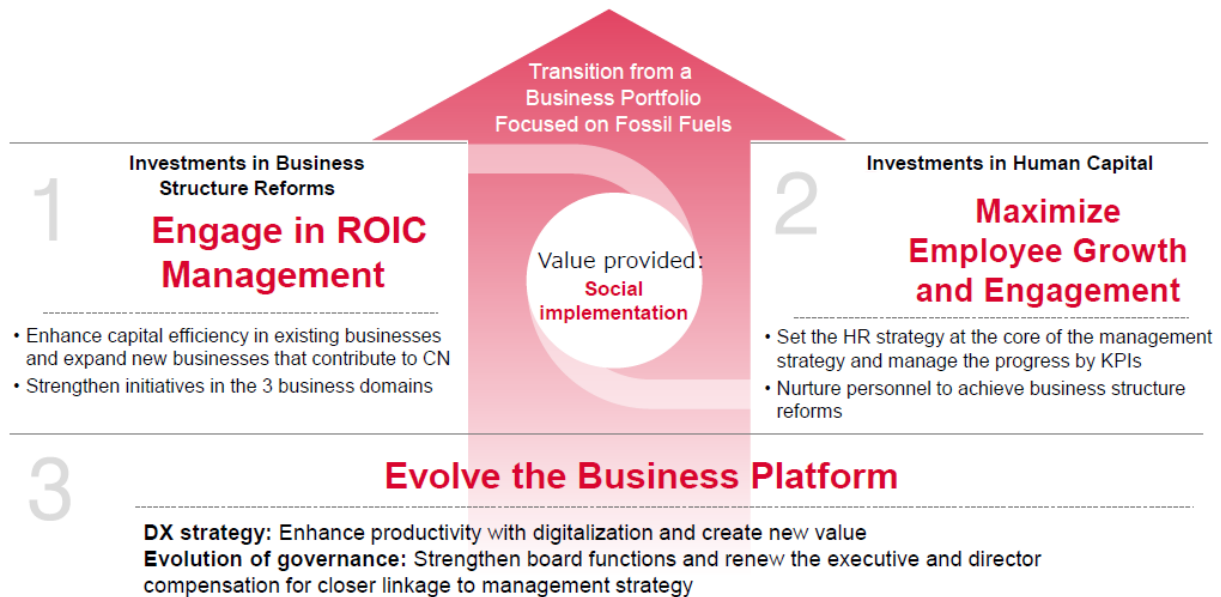


Basic policy for 2030

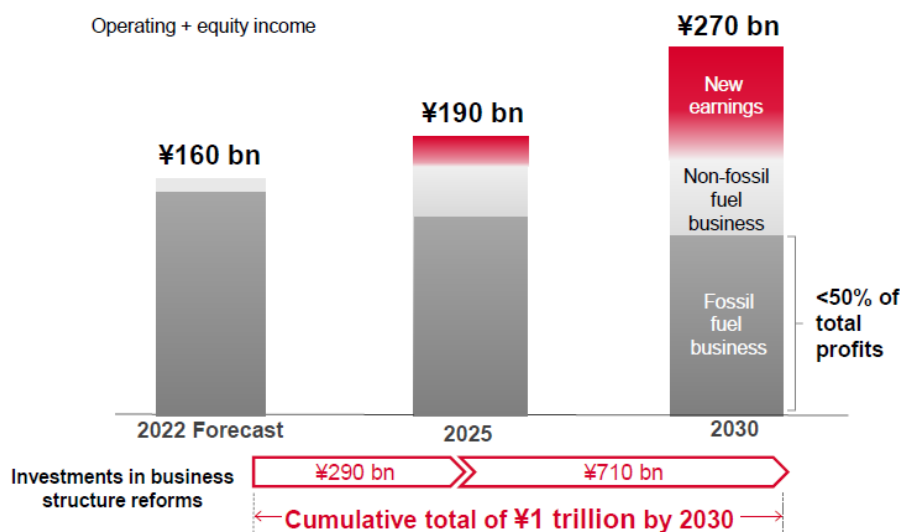
- The Company will invest in business structure reforms to “Engage in ROIC Management” and in human capital to “Maximize Employee Growth and Engagement,” and “Evolve the Business Platform” to support these two initiatives through social implementation of various measures, whereby it will promote a transition away from its current business portfolio which is focused on fossil fuels.

2030
Vision

“Your Reliable Partner for a Brighter Future”



Transition of the Business Portfolio through Creation of New Earnings



*As there have been significant fluctuations in resource prices, foreign exchange, and other prices in FY2022, the impact thereof has been excluded to the extent possible, and in order to enable a comparison with the target values for FY2025 and FY2030, the estimated resource prices, foreign exchange, and other prices in the FY2022 Forecast were calculated after making revisions based on the assumptions for the FY2023 Plan. (Calculation as of November, 2022)

FY2025 Management Targets

- The Company has set its profits and capital efficiency targets for FY2025 as follows.
- In addition, to measure the progress of its business portfolio transition, the Company's aim is a less than 70% fossil fuels business portfolio contribution.
- As a non-financial goal, the Company has set various targets for investments in human capital to successfully promote its human resources strategy.

Financial Targets		Non-financial Targets		
Profits (excluding inventory impact)		Investments in Human Capital		
Net income	Operating + equity income	Idemitsu Engagement Index ≥75%		
¥135 bn	¥190 bn			
Capital Efficiency		D&I		
ROE	ROIC	Female recruiting ratio*1	Female ratio in key positions*2	Males taking childcare leave*3
8%	5%	≥50%	≥5%	≥80%
		<small>*1As of 4/2026</small>	<small>**As of 7/2026</small>	<small>**As of 3/2026</small>
Business Portfolio Transition		Education investments per employee		
Fossil fuels business profit contribution	≤70%	≥¥100,000 (top class in Japan)		

Shareholder Returns

- The Company plans to **return at least 50%** of cumulative FY2023-2025 current net income excluding inventory impact to its shareholders. The Company plans to provide **stable dividends of ¥120 per share**.

Initiatives toward social implementation of the 3 business domains



SAF (Sustainable Aviation Fuel)

Initiatives for establishment of domestic production capacity / supply chain

SAF is a biofuel that is made from plants, ethanol, and other raw materials, which has the potential to greatly reduce the emission of greenhouse gases compared to traditional aviation fuels. The aviation industry has represented a milestone target of replacing 10% of fuels used with SAF by 2030.

■ Initiatives for construction of SAF manufacturing facilities and diversification of raw materials

The Company plans to construct an ethanol-based SAF manufacturing facility within its Chiba Complex in FY2025, which is expecting to commence supply in FY2026. The Company is also planning deployment of the second and subsequent facilities in order to achieve domestic production capacity of 500,000KL/year by FY2030. In addition, to diversify raw materials for SAF, the Company is working together with other companies to commence demonstrative cultivation of “pongamia,” which is a raw material for non-edible oil, in Australia in FY2023.



Pongamia seed and hulls, which will be used as a raw material for SAF

Synthetic fuel (e-fuel)

Initiatives toward domestic manufacturing / supply

Synthetic fuels are liquid fuels produced by synthesizing hydrocarbon from renewable energy and CO₂ in the atmosphere. It is an energy source that is expected to result in near-zero CO₂ emissions.

■ Challenge of manufacturing domestically produced synthetic fuels

The manufacturing of synthetic fuels requires the use of highly competitive renewable energy sources, high-purity CO₂, such as CCS^{*1}, and also a site for manufacturing equipment surrounded by such sources and materials. The Company's Hokkaido refinery (Tomakomai City) is a base that meets these requirements and has great potential for the manufacturing of domestically produced synthetic fuels.

Three companies, the Company, Hokkaido Electric Power, and Japan Petroleum Exploration (JAPEX), are jointly considering matters with the aim of launching a CCUS^{*2} business by FY2030.

*1 CCS (Carbon dioxide Capture, and Storage): capture and storage of CO₂

*2 CCUS (Carbon dioxide Capture, Utilization, and Storage): capture, storage, and utilization of CO₂



Hokkaido refinery



Solid electrolytes for Next-generation batteries

Acceleration of development toward market launch

In regard to electrolytes, which are the main component of lithium-ion batteries, technical development has prompted a change from conventional liquids to solid electrolytes.

Solid electrolytes have the benefits of reducing size, weight, charging time, ignition risk, etc., and solid electrolytes are being sought for early practical application in electric vehicles.

■ Progress toward commercialization

The Company's key strength lies in its extensive patent portfolio and its integrated manufacturing technology from sulfide raw materials to solid-state electrolytes, which it has cultivated through petroleum refining and established through many years of R&D. Since the commencement of the Medium-term Management Plan in FY2023, the Company has been accelerating its efforts with respect to collaboration with car-battery manufacturers and other customers to further improve the performance and cost competitiveness of solid-state electrolytes.

In preparation for mass production, following the construction of the first plant (operation began in November 2021) of small pilot facilities within its Chiba Complex, it is also constructing a second plant (operation is scheduled to begin in 2023) within its Advanced Technology Research Laboratories. In addition, it is also making preparations for the construction of large pilot facilities, which was selected for NEDO's Green Innovation Fund Project, "Next-generation Storage Battery and Motor Development."



First plant of small pilot facilities



Solid electrolytes for Next-generation batteries

	2023-	2030
Business progress		
Major initiatives	Validate mass production process with small pilot facilities ● Plant 1 launched November 2021 ● Plant 2 to be launched in 2023	Validate mass production process with large pilot facilities → Commercial production



Environmentally friendly service station (SS) “apollostation Type Green”

This is a type of service station based on a new concept, which uses domestic wood for construction and is equipped with solar panels and other environmentally friendly facilities. Through apollostation, the Company will provide various “Smart Yorozuya” services related to energy and the mobility of people, supporting people in every city to lead comfortable daily lives.

Deployment of “apollostation Type Green”

The Company commenced deployment of its environmentally friendly service station “apollostation Type Green” in November 2022. The Company contributes to local industries, such as by using locally sourced wood where the service station is located to construct the service station, to the extent possible, and expects a reduction in CO2 by approximately 100 tons per service station. In addition, each apollostation has functions that will meet the needs of a circulatory society, such as use of solar panels and fast chargers.



Example of evolution of apollostation

By focusing on becoming both a “one-time shop for energy which links people to diverse energy” and a “one-time shop for mobility which links people to future transportation,” apollostation will evolve to become a lifestyle support hub which supports regional lifestyles.

1 Environment-friendly eco stations



Scenery protection + promoting use of domestic timber + circular stations

2 Dispersed energy supply stations



Energy systems for local production and local consumptions

3 Truck / logistics stations



Diesel + biofuel + hydrogen

4 EV recharging / maintenance stations



Security of EVs

5 MaaS stations



Short-distance transport

6 Community support stations



Regional community

External Evaluation for ESG

Status of Inclusion in the ESG Index

FTSE4Good Index Series



The FTSE4Good Index Series is an internationally prominent series of indexes for environment, social, and governance (ESG) investors. The Company was selected for inclusion in this index as it has been highly commended for its ESG performance.

FTSE4Good

FTSE Blossom Japan Index



**FTSE Blossom
Japan Index**

The FTSE Blossom Japan Index is an ESG investment index consisting of Japanese companies. The Company was selected for inclusion in this index as it has been highly commended for its ESG performance.

FTSE Blossom Japan Sector Relative Index



**FTSE Blossom
Japan Sector
Relative Index**

This index reflects the relative performance of Japanese companies that excel in ESG response in each sector. The Company was selected for inclusion in this index as it has been highly commended for its initiatives for climate change and its improvement of governance.

MSCI Japan Empowering Women (WIN) Index

**2022 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)**

The MSCI Japan Empowering Women (WIN) Index comprises Japanese companies from various industries that excel in gender diversity.

* The Company was selected for inclusion in the FTSE indices, MSCI index, and Nadeshiko Brand for the first time in 2022.
* The FTSE Blossom Japan Index and the MSCI Japan Empowering Women (WIN) Index are used as an ESG index by Japan's Government Pension Investment Fund (GPIF), and the FTSE Blossom Japan Sector Relative Index is used as a benchmark for passive management of ESG indices by GPIF.

Nadeshiko Brand



The Company was selected for inclusion in this index based on its strong commitment to encouraging women's success as a part of its management strategy and its clear disclosure of KPIs, such as its inclusion of a certain percentage of women in managerial positions.

2023 Health & Productivity Stock Selection / 2023 Certified Health & Productivity Management Organization Recognition Program (the "white 500")



The Company has been selected on Health & Productivity Stock Selection and Certified Health & Productivity Management Organization Recognition Program (the "white 500") (in the large enterprise category) for two consecutive years, beginning in 2022. The Company was highly commended for its support of the independent health management of employees in collaboration with industrial healthcare staffs, workplaces, and managers.

SOMPO Sustainability Index



Sompo Sustainability Index

The Company has been selected as one of the stocks of the index for 11 consecutive years, beginning in 2012. The SOMPO Sustainability Index comprises approximately 300 stocks that excel in environment, social, and governance (ESG) initiatives.

The latest information regarding the status of inclusion in the ESG index and the status of other external certifications is published on the Company's Sustainability Website.

<http://sustainability.idemitsu.com/en/themes/523>

(5) Major businesses (as of March 31, 2023):

Segment	Major businesses
Petroleum	Import, refinement, transportation, storage and sale of crude oil and petroleum products; production and sale of petroleum-related products; sale of service station related products; import, purchase and sale of LPG; design and construction of petroleum-related facilities; credit card services
Basic chemical products	Production and sale of petrochemical raw material and products
Functional materials	Production and sale of lubricants; production and sale of petrochemical raw material and products; production, sale and licensing of electronic materials; production and sale of composites for construction, civil engineering and roads; production, import and sale of agricultural chemicals
Power and renewable energy	Development, sale, construction, and O&M of solar power stations; supply and sale of power
Resources	Investigation, exploration, development and sale of oil, natural gas, geothermal resources, and coal
Others; coordination	Overseas administration functions; insurance agency services

(6) Employees (as of March 31, 2023):

(i) Employees of the Group:

Segment	Number of employees	Change from the end of the previous fiscal year
Petroleum	7,176 (3,861)	+357
Basic chemical products	755 (62)	-4
Functional materials	3,759 (558)	+45
Power and renewable energy	498 (62)	-221
Resources	1,054 (45)	+1
Others; reconciliation	1,121 (276)	-24
Total	14,363 (4,864)	+154

(Note) The number of employees represents the number of those actually at work: the number of temporary workers is shown in the parentheses separately.

(ii) Employees of the Company:

Number of employees	Change from the end of the previous fiscal year	Average years of age	Average length of service
5,089 (1,069)	-34	42 yrs and 1 mth	17 yrs and 9 mths

(Note) The number of employees represents the number of those actually at work: the number of temporary workers is shown in the parentheses separately.

(7) Major lenders (as of March 31, 2023):

Lender	Debt payable
MUFG Bank, Ltd.	¥149,270 million
Sumitomo Mitsui Banking Corporation	¥135,486 million
Japan Organization for Metals and Energy Security	¥131,798 million
Mizuho Bank, Ltd.	¥109,258 million
Sumitomo Mitsui Trust Bank, Limited	¥100,403 million
Development Bank of Japan Inc.	¥47,896 million
The Norinchukin Bank	¥26,007 million
Japan Bank for International Cooperation	¥24,049 million

(8) Other important matters concerning the current state of the Group:

During fiscal year 2022, TOA Oil Co., Ltd. and SHOWA YOKKAICHI SEKIYU CO., LTD., the Company's subsidiaries, were found to have engaged in inappropriate acts regarding product testing. The two companies have established a special investigation committee to investigate the relevant facts and identifying the cause(s) of the incident. In response to the committee's recommendations, the Company has taken measures to improve quality management at the Group's oil refining plants, and is making efforts to prevent a recurrence.

2. Current state of the Company

(1) Shares (as of March 31, 2023):

- (i) Total number of authorized shares: 436,000,000 shares
- (ii) Total number of issued shares: 297,864,718 shares
- (iii) Number of shareholders: 72,880 persons
- (iv) Major shareholders (top 10):

Name	Number of shares (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	38,358	13.07
Nissho Kosan Co., Ltd.	27,119	9.24
Aramco Overseas Company B.V.	23,115	7.88
Public Interest Incorporated Foundation Idemitsu Museum of Arts	20,392	6.95
Custody Bank of Japan, Ltd. (Trust account)	17,035	5.81
STATE STREET BANK WEST CLIENT TREATY 505234	5,143	1.75
Idemitsu Employee Stockholders Committee	5,049	1.72
Showa Kosan K.K.	4,974	1.70
Sumitomo Mitsui Trust Bank, Limited	4,114	1.40
MUFG Bank, Ltd.	4,114	1.40

(Notes)

- The Company owns 4,400,631 shares of treasury stock, but is not included as one of the major shareholders listed above. This number does not include 459,314 of the Company's shares, which are owned by The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account).
- Shareholding ratios are calculated by excluding treasury stock.

(v) Shares issued to the Company's officers as compensation for the execution of duties during the fiscal year under review:

	Number of shares	Number of persons issued to
Director (except Outside Directors)	22,450 shares (including 6,750 shares which will be converted into cash, and the amount equivalent to such cash by conversion will be granted)	One person
Outside Director	—	—
Audit & Supervisory Board Member	—	—

(Notes) 1. The details of the Company's stock-based compensation are stated in "(3) Corporate Officers, (ii) Total amount of compensation, etc. payable to corporate officers."

2. The above contains information about shares issued to a resigned company officer.

(2) Stock acquisition rights, etc.:

Not applicable

(3) Corporate officers:

(i) Directors and Audit & Supervisory Board Member (as of March 31, 2023):

Position	Name	Duties and major concurrent office
Representative Director, President, and Chief Executive Officer	Shunichi Kito	President, Petroleum Association of Japan
Representative Director, Executive Vice President, and Chief Operating Officer	Susumu Nibuya	Vietnam Project and Internal Communication Department
Director, Executive Vice President	Atsuhiko Hirano	Assistant to Chief Executive Officer (Resources, Lubricants and LPG)
Director, Executive Vice President	Noriaki Sakai	Assistant to Chief Executive Officer (Chief Financial Officer and Public Relations), Procurement Department, and Head of Safety & Environmental Protection Headquarters and Head of Quality Assurance Headquarters
Director, Managing Executive Officer	Masahiko Sawa	Assistant to Chief Executive Officer (Manufacturing & Technology, Basic Chemicals and Carbon Neutral Transformation)
Director	Masakazu Idemitsu	Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts Representative Director and President, Nissho Kosan Co., Ltd. Representative Director and President, Showa Kosan K.K. Representative Director, MI Power Co., Ltd. Representative Director, General Incorporated Association IdemitsuPhilosophy Laboratory Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory

Director	Kazunari Kubohara	Attorney at law (Kyhodo Law Firm) Auditor, Medical Corporation Hakueikai Miyake Dental Clinic
Director	Takeo Kikkawa	Vice President, International University of Japan and Professor, Graduate School of International Management
Director	Mitsunobu Koshiha	Honorary Chairman, JSR Corporation Outside Director, A Holdings Corporation Outside Director, TBM Co., Ltd. Outside Director, Rapidus Corporation
Director	Yumiko Noda	Chairman and Representative Director, Veolia Japan K.K.

Position	Name	Duties and major concurrent office
		Outside Director, Benesse Holdings, Inc. Vice Chairs of the Board of Councilors and Chair of Committee on Environment, Japan Business Federation
Director	Maki Kado	Executive Officer, Executive Business Manager, Coca-Cola Bottlers Japan Holdings Inc. Executive Officer and Chief Business Management & Sustainability Officer, Coca-Cola Bottlers Japan Inc. Representative Director and Vice President, Coca-Cola Customer Marketing Company, Limited.
Full-time Audit & Supervisory Board Member	Tsutomu Yoshioka	
Full-time Audit & Supervisory Board Member	Hidefumi Kodama	
Audit & Supervisory Board Member	Taigi Ito	Certified Public Accountant (Ito Taigi Office)
Audit & Supervisory Board Member	Yumiko Ichige	Partner, Nozomi Sogo Attorneys at Law National Research and Development Agency Council member, Ministry of Land, Infrastructure, Transport and Tourism Information and Communications Council member, Ministry of Internal Affairs and Communications Outside Director, ASKUL Corporation

- (Notes)1. Directors Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiha, Ms. Yumiko Noda, and Ms. Maki Kado are Outside Directors.
2. Audit & Supervisory Board Members Messrs. Taigi Ito and Yumiko Ichige are Outside Statutory Auditors.
 3. Audit & Supervisory Board Member Mr. Tsutomu Yoshioka, who has had experience as an Executive Officer in charge of Accounting, Finance, and Credit Management of Showa Shell Sekiyu K.K. (which conducted a business integration with the Company on April 1, 2019), has considerable knowledge of finance and accounting.
 4. Audit & Supervisory Board Member Mr. Hidefumi Kodama, who has experience working in key positions in the area of accounting, has considerable knowledge of finance and accounting.
 5. Audit & Supervisory Board Member Mr. Taigi Ito, who has had experience as a certified public accountant and a university professor, has considerable knowledge of finance and accounting.
 6. Directors Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiha, Ms. Yumiko Noda, and Ms. Maki Kado, and Audit & Supervisory Board Members Messrs. Taigi Ito and Yumiko Ichige are independent officers who have been registered in accordance with

the rules of the Tokyo Stock Exchange.

7. In accordance with Article 427, paragraph 1 of the Companies Act of Japan and the Articles of Incorporation, the Company has entered into an agreement with Directors Messrs. Masakazu Idemitsu and Kazunari Kubohara, and each Outside Director and each Outside Statutory Auditor to limit the liability for any damage as provided for in Article 423, paragraph 1 of the said act. The maximum liability amount under such agreement is an amount as provided for in laws or ordinances.
8. The Company has entered into a liability insurance contract for Directors and Audit & Supervisory Board Members under Article 430-3, paragraph 1 of the Companies Act of Japan with an insurance company, and all the premiums are borne by the Company. The scope of the insured persons under the insurance contract includes Directors, Audit & Supervisory Board Members, and important employees including executive officers, of the Company and domestic subsidiaries, as well as officers who are seconded to overseas subsidiaries. An overview is that under the insurance contract, the insurance company shall compensate for any damage that may result from the insured Directors and Audit & Supervisory Board Members, who are the insured persons, assuming responsibility in connection with the execution of their duties or receiving claims related to the pursuit of such responsibility; and the contract shall be renewed annually. The insurance contract has a disclaimer where a claim for damages arising out of any act from which Directors and Audit & Supervisory Board Members illegally gained private benefits, any criminal act, any act that they committed with recognition of the violation of laws and ordinances, etc. is excluded; and measures are taken so as not to impair the appropriateness of the execution of their duties. The insurance contract will be renewed with the same content upon the next renewal.
9. Representative Director and Vice President Mr. Takashi Matsushita retired as of June 23, 2022, during the fiscal year 2023.
10. Audit & Supervisory Board Members Messrs. Toshiyuki Tanida and Kenji Yamagishi retired as of June 23, 2022, during the fiscal year 2023.
11. Representative Director and President Mr. Shunichi Kito assumed the office of President of the Petroleum Association of Japan on September 29, 2022.
12. Mr. Masahiko Sawa was newly appointed as a Director in the 107th Ordinary General Meeting of Shareholders held on June 23, 2022, and became Managing Executive Officer as of the same date.
13. Director Mr. Mitsunobu Koshiba became Outside Director of Rapidus Corporation as of March 15, 2023.
14. Director Ms. Maki Kado became Representative Director and Vice President of Coca-Cola Customer Marketing Company, Limited. as of January 1, 2023.

(ii) Total amount of compensation, etc. payable to corporate officers:

a) Total amount of compensation, etc. for the fiscal year under review:

Category	Total amount of compensation, etc.	Fixed compensation	Performance-linked compensation		Number
			Cash compensation	Stock-based compensation	
Director	¥616 million	¥390 million	¥97 million	¥129 million	12
(Outside Director)	(¥63 million)	(¥63 million)	(0 million)	(-)	(4)
Audit & Supervisory Board Member	¥91 million	¥91 million	-	-	6
(Outside Statutory Auditor)	(¥29 million)	(¥29 million)	(-)	(-)	(3)
Total	¥707 million	¥481 million	¥97 million	¥129 million	18
(Outside Director and Outside Statutory Auditor)	(¥92 million)	(¥92 million)	(¥0 million)	(-)	(7)

(Note) The above table contains one Director (none of which is an Outside Director) and two Audit & Supervisory Board Member (one of which is an Outside Statutory Auditor), who resigned as of the conclusion of the 107th Ordinary General Meeting of Shareholders held on June 23, 2022.

b) Matters concerning the policy on the determination of the amount of compensation, etc. of officers and the method of calculation thereof:

(Basic Policy on Executive Compensation)

The Company's basic policies regarding compensation for its Directors and Executive Officers (at Senior Executive Officer level or above) ("Directors, etc.") are: a) to increase corporate performance and corporate value over the medium-to-long term in order to realize the Group's management vision; and b) to establish a compensation system and decision-making process that is transparent, rational and fair so that the Company can fulfill its accountability to customers, society, the environment, shareholders, business partners, employees, and other stakeholders. Based on this policy, the Company has made a resolution regarding the policy to determine the compensation, etc. for each individual Director, etc. as follows: The Nomination and Compensation Advisory Committee has conducted a multi-faceted review of the original draft concerning the decision regarding the contents of compensation, etc. for each individual Director, etc., including whether such report is consistent with the decision policy, and which the Board of Directors also respects, and have determined that it is consistent with the decision policy.

(Compensation Standard)

Compensation levels for Directors, etc. shall be reviewed as appropriate in light of changes in the business environment and external survey data.

(Compensation Structure)

The compensation system for the Company's Directors (excluding part-time Directors and Outside Directors) and Executive Officers (at Senior Executive Officer level or above) are based on business portfolio rearrangement, and enhancement of the environment, society and governance-related efforts, which in turn will lead to further improvement of corporate value, and consist of (1) fixed compensation, (2) performance-linked bonuses (shift from performance-linked monetary compensation (periodic equal pay) to performance-linked bonuses for the purpose of clarifying the incentive structure), and (3) performance-linked stock compensation.

The ratios of fixed compensation, performance-linked bonuses, and performance-linked stock compensation at the time of standard payment are set at approximately 70%, 15%, and 15%. Compensation for part-time Directors and Outside Directors consists solely of fixed compensation from the perspective of ensuring appropriate supervisory functions for assessing the appropriateness of business execution from an objective standpoint.

Fixed compensation shall be paid on a monthly basis in an amount determined according to the role.

Performance-linked bonuses are designed to fluctuate within a range of 0 - 200% according to the degree of achievement, such as roles and company performance (current net income attributable to shareholders of the parent company, excluding inventory impact ("current net income") and consolidated operating income, excluding inventory impact ("operating income")), and will be granted in June every year after evaluations which will also consider the achievement of non-financial goals which contribute to the medium- to long-term enhancement of corporate value when evaluating Representative Directors, and the achievement of goals (i.e. an approach to the medium- to long-term tasks, and personnel education, etc.) set for each sector which the Directors who concurrently serve as Executive Officers (except for Representative Directors), and other Executive Officers (at Senior Executive Officer level or above) are in charge of, when evaluating those Directors.

From the perspective of sharing value with shareholders, performance-linked stock compensation is designed to fluctuate within the range of 0 - 200% in accordance with the degree of achievement of corporate performance (current net income and operating income) for all Directors, etc. This is a medium- to long-term incentive in which the value of assets fluctuates due to stock price fluctuations during the term of office as stock is given to Directors, etc., after their resignation.

The Company uses current net income and operating income as indicators to share value with shareholders and investors, and believes that they are appropriate indicators to strengthen profitability and increase its corporate value.

The weight of each indicator for assessment of the Company's performance is determined as follows:

Indicator	Weight
Current net income	60%
Operating income	40%

Performance-linked compensation for the fiscal year under review was calculated in reference to the goal value set at the beginning of the fiscal year under review (operating income: ¥140 billion, and current net income: ¥130 billion) and was determined after discussions by the Nomination and Compensation Advisory Committee.

(The Date of Resolution at the Shareholders General Meeting Concerning Compensation, etc. for Executives and the Details of Such Resolution)

At the 91th Ordinary General Meeting of Shareholders held on June 27, 2006, the amount of compensation for Directors and Audit & Supervisory Board Members was set at ¥1.2 billion or less per year for Directors and ¥120 million or less per year for Audit & Supervisory Board Members. At the time of the resolution, there were 12 Directors and five Audit & Supervisory Board Members.

At the 104th Ordinary General Meeting of Shareholders held on June 27, 2019, it was resolved that in addition to the above compensation limits, the Company would contribute up to ¥1.9 billion (provided, however, that in the case of a trust that has already commenced in FY2018, the total amount of ¥2.3 billion shall be calculated for the four business years from FY2018 to FY2021.) in total to a trust that would be covered by the performance-linked stock compensation system for Directors, etc. during the three consecutive fiscal years. At the time of resolution, the number of Directors (excluding part-time Directors and Outside Directors) covered by the Plan was six and the number of Executive Officers who do not concurrently serve as Directors was 31. In addition, at the 107th Ordinary General Meeting of Shareholders held on June 23, 2022, a resolution was made to partially revise the Plan, in order to further strengthen motivation toward achieving the targets of the medium-term management plans by matching the duration subject to the performance-linked stock compensation plan with the duration subject to the Company's medium-term management plan. At the time of the resolution, the number of Directors (excluding part-time Directors and Outside Directors) covered by the Plan was five and the number of Executive Officers who do not concurrently serve as Directors was eight.

Individual compensation for Directors is determined by the Board of Directors based on the recommendations of the Nomination and Compensation Advisory Committee, which is composed of Independent Outside Directors. Individual compensation for Audit & Supervisory Board Members is determined through discussions among Audit & Supervisory Board Members. The Nomination Advisory Committee and the Compensation Advisory Committee were integrated from July 1, 2021, and the Nomination and Compensation Advisory Committee meetings were held a total of seven times in FY2022. Among the meetings, a total of seven deliberated over the compensation, the content of which is as follows:

Meeting date	Major deliberation matters
April 19, 2022	Evaluation and compensation of Directors; and extension of stock trust period
June 23, 2022	Deliberation scope of a meeting of the Nomination and Compensation Advisory Committee
July 12, 2022	Non-financial goal for Representative Directors; and a goal for a field of which a Director is in charge
September 20, 2022	Revisions to the executive compensation plan (compensation standards, compensation structure, etc.)
November 8, 2022	Revisions to the executive compensation plan (compensation

	standards, performance-linked compensation indicators, etc.)
January 17, 2023	Revisions to the executive compensation plan (performance-linked compensation indicators, etc.)
March 22, 2023	Revisions to the executive compensation plan (stock compensation plan, etc.)

(iii) Matters concerning outside officers:

- a) Outside officers' major concurrent offices of other corporations and the Company's relationships with such other corporations:

Director Mr. Takeo Kikkawa is serving as Vice President of International University of Japan and Professor of Graduate School of International Management.. The Company has no special relationship with these corporations.

Director Mr. Mitsunobu Koshiba is serving as the Honorary Chairman of JSR Corporation, an Outside Director of A Holdings Corporation, TBM Co., Ltd., and Rapidus Corporation. The Company has no special relationship with these corporations.

Director Ms. Yumiko Noda is serving as the Chairman and Representative Director of Veolia Japan K.K., an Outside Director of Benesse Holdings, Inc., and Vice Chair of the Board of Councilors and Chair of Committee on Environment of the Japan Business Federation. The Company has no special relationship with these corporations.

Director Ms. Maki Kado is serving as an Executive Officer and the Executive Business Manager of Coca-Cola Bottlers Japan Holdings Inc., an Executive Officer and Chief Business Management & Sustainability Officer of Coca-Cola Bottlers Japan Inc., and Representative Director and Vice President of Coca-Cola Customer Marketing Company, Limited. The Company has no special relationship with these corporations.

Audit & Supervisory Board Member Mr. Taigi Ito is a certified public accountant of Certified Public Accountant Ito Taigi Office. The Company has no special relationship with this office.

Audit & Supervisory Board Member Ms. Yumiko Ichige is a Partner of Nozomi Sogo Attorneys at Law, a member of National Research and Development Agency Council, Ministry of Land, Infrastructure, Transport and Tourism, a member of Information and Communications Council, Ministry of Internal Affairs and Communications, and an Outside Director of ASKUL Corporation. The Company has no special relationship with these corporations.

b) Major activities during the fiscal year under review:

Attendance at the meetings of the Board of Directors and the Board of Audit & Supervisory Board Members:

		Board of Directors		Board of Audit & Supervisory Board Members	
		Meetings attended	Rate of attendance	Meetings attended	Rate of attendance
Director	Takeo Kikkawa	15/15	100%	-	-
Director	Mitsunobu Koshiha	15/15	100%	-	-
Director	Yumiko Noda	15/15	100%	-	-
Director	Maki Kado	14/15	93%	-	-
Audit & Supervisory Board Member	Taigi Ito	15/15	100%	16/16	100%
Audit & Supervisory Board Member	Yumiko Ichige	11/11	100%	11/11	100%

Director Mr. Takeo Kikkawa, principally from the standpoint of a specialist in the theory of energy industry as a university professor, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as the Chair of the Board of Directors, he managed the proceedings properly, and as a member of the Nomination and Compensation Advisory Committee, he has attended all seven meetings of the Committee held in the fiscal year under review, and takes part in the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Director Mr. Mitsunobu Koshiha, with high expertise in the technology field as well as wide experience and broad insights as a manager, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as the Chair of the Nomination and Compensation Advisory Committee, he has attended all seven meetings of the Committee held in the fiscal year under review, and leads the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Director Ms. Yumiko Noda, from wide experience and broad insights regarding finance, global management, and regional revitalization and as a corporate manager, has expressed her opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as a member of the Nomination and Compensation Advisory Committee, she has attended all seven meetings of the Committee held in the fiscal year under review, and takes part in the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Director Ms. Maki Kado, from knowledge, wide experience, and broad insights regarding international business, retail marketing, and DX, has expressed her opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, she has participated in the D&I Promotion Committee as an advisor; and as a member of the Nomination and Compensation Advisory Committee, she has attended six out of seven meetings of the Committee held in the fiscal year under review, and takes part in the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Audit & Supervisory Board Member Mr. Taigi Ito, principally from the standpoint of accounting with wide experience as a certified public accountant and a university professor, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors at the meetings of the Board of Directors and the Board of Audit & Supervisory Board Members.

Audit & Supervisory Board Member Ms. Yumiko Ichige, principally from a legal standpoint as an attorney at law, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors at the meetings of the Board of Directors and the Board of Audit & Supervisory Board Members.

(4) Policy on the determination of distribution of retained earnings, etc.:

With respect to the payment of the year-end dividends for the fiscal year ended March 31, 2023, the Company has decided to pay ¥60 per share. As a result, annual dividends for the fiscal year will be ¥120 per share. With the understanding that shareholder returns are positioned as a key management priority, the Company adopted a policy of making a total payout ratio of over 50% (including share buyback) on the three-year cumulative net income excluding inventory impact from FY2020-2022.

Based on the above policy, the actual total payout ratio for the period, including the share buyback in the amount of ¥60 billion, announced in February 2023, was 50.3%.

The annual dividends for the next fiscal year will generally remain stable, at ¥120 per share, and based on the policy in the “Medium-term Management Plan (FY2023-2025)” which was published on November 16, 2022, the Company will continue to make a total payout ratio of over 50% on three-year cumulative net income, excluding inventory impact from FY2023-2025.

(5) Fundamental policy on corporate control:

The Company has exerted its efforts to attain constant and sustainable growth to secure and enhance the corporate value of the Group and the common interests of its shareholders.

Hence, in the event that any party engages in any large purchase action with regard to the shares of the Company and consequently, it threatens to prejudice the corporate value of the Group and the common interests of its shareholders, it is the Company’s fundamental policy to take any appropriate measure to the extent permitted by laws or ordinances and the Articles of Incorporation.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2023)

(million yen)

ASSETS

Current assets:	2,732,068
Cash and deposit	105,192
Notes and accounts receivable-trade	841,798
Inventories	1,308,570
Accounts receivable, other	319,483
Other current assets	157,757
Allowance for doubtful accounts	(733)
Fixed assets:	2,133,301
Tangible fixed assets	1,390,013
Buildings and structures	250,997
Machinery, equipment and vehicles	265,024
Land	755,014
Construction in progress	29,044
Other tangible fixed assets	89,933
Intangible fixed assets	290,235
Goodwill	140,481
Other intangible fixed assets	149,753
Investment and other assets	453,052
Investment securities	244,699
Long-term loans receivable	23,944
Assets for employees' retirement benefits	43,408
Deferred tax assets	15,424
Other investments	128,182
Allowance for doubtful accounts	(2,607)
TOTAL ASSETS	4,865,370

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

(million yen)

LIABILITIES	
Current liabilities:	2,163,986
Notes and accounts payable-trade	697,307
Short-term borrowings	486,701
Commercial paper	301,983
Accounts payable, other	390,189
Accrued income taxes	67,978
Allowance for bonuses	17,122
Other current liabilities	202,702
Long-term liabilities:	1,072,076
Bonds	150,000
Long-term debt	519,232
Deferred tax liabilities	35,747
Deferred tax liabilities upon revaluation	85,912
Liability for employees' retirement benefits	60,351
Reserve for repair works	85,599
Asset retirement obligations	29,979
Other long-term liabilities	105,253
Total liabilities	3,236,062
NET ASSETS	
Shareholders' equity:	1,454,116
Common stock	168,351
Additional paid-in capital	451,642
Retained earnings	848,910
Treasury stocks	(14,788)
Accumulated other comprehensive income:	160,410
Unrealized holding gains on other securities	3,918
Deferred gains (loss) on hedges	(6,431)
Revaluation difference of land	154,641
Translation adjustments	(4,571)
Retirement benefit liability adjustment	12,853
Noncontrolling interests:	14,781
Total net assets	1,629,308
TOTAL LIABILITIES AND NET ASSETS	4,865,370

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

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2022 to March 31, 2023)

(million yen)

Account Title	Amount
Net sales	9,456,281
Cost of sales	8,662,257
Gross profit	794,023
Selling, general and administrative expenses	511,581
Operating income	282,442
Non-operating income	58,631
Interest income	4,884
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	25,981
Dividend income	3,068
Gain on foreign exchange, net	14,609
Subsidy income	3,757
Others	6,330
Non-operating expenses	19,549
Interest expense	15,289
Other	4,259
Ordinary income	321,525
Extraordinary income	75,659
Gain on sales of fixed assets	70,577
Gain on sales of investment securities	585
Others	4,497
Extraordinary expenses	48,914
Impairment loss on fixed assets	25,824
Loss on sales of fixed assets	1,457
Loss on disposal of fixed assets	4,824
Loss on valuation of subsidiaries and affiliates	5,629
Loss on step acquisitions	7,223
Others	3,955
Income before income taxes	348,270
Income taxes - current	102,523
Income taxes - deferred	(5,030)
Net income	250,777
Net income (loss) attributable to noncontrolling interests	(2,868)
Net income attributable to owners of the parent	253,646

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

NON-CONSOLIDATED BALANCE
SHEET

(As of March 31, 2023)

(million yen)

ASSETS

Current assets:	2,147,463
Cash and deposit	73,218
Notes receivable-trade	248
Accounts receivable-trade	693,527
Merchandise and finished goods	548,129
Raw material and supplies	447,837
Prepaid expenses	5,357
Short-term loans receivable	184,067
Other current assets	197,887
Allowance for doubtful accounts	(2,810)
Fixed assets:	1,772,950
Tangible fixed assets	1,031,352
Buildings	72,343
Structures	100,817
Oil tanks	19,837
Machinery and equipment	104,257
Vehicles and transportation equipment	1,161
Tools, furniture and fixtures	12,402
Land	710,923
Leased assets	131
Construction in progress	9,479
Intangible fixed assets	280,631
Leasehold rights	11,880
Software	20,094
Goodwill	137,769
Customer-related assets	105,299
Other	5,586
Investments and other assets	460,966
Investment securities	19,029
Investments in shares of affiliates	335,174
Long-term loans receivable	32,746
Prepaid pension costs	24,422
Other investments	49,637
Allowance for doubtful accounts	(44)
TOTAL ASSETS	3,920,414

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

(million yen)

LIABILITIES**Current liabilities: 1,898,463**

Accounts payable, trade	621,787
Short-term borrowings	317,732
Commercial paper	301,983
Accounts payable, other	346,518
Accrued expenses	5,576
Income taxes payable	13,552
Advances received	48,252
Deposit received	221,786
Allowance for bonuses	10,482
Other current liabilities	10,791

Long-term liabilities: 861,773

Bonds	150,000
Long-term debt	442,515
Deferred tax liabilities upon revaluation	85,912
Retirement allowances for employees	44,225
Reserve for repair works	59,438
Deferred tax liabilities	17,686
Other long-term liabilities	61,994

Total liabilities 2,760,237**NET ASSETS****Shareholders' equity: 1,002,544****Common stock 168,351****Additional paid-in capital 456,406**

Capital reserve 42,105

Other capital surplus 414,301

Retained earnings 392,574

Retained earnings reserve 1,081

Other retained earnings 391,493

Reserve for deferred income tax on fixed assets 31,748

Retained earnings carried forward 359,745

Treasury stocks (14,788)**Valuation and translation adjustments: 157,632**

Unrealized holding gains on other securities 2,593

Deferred gains (loss) on hedges 396

Revaluation difference of land 154,641

Total net assets 1,160,177**TOTAL LIABILITIES AND NET ASSETS 3,920,414**

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

NON-CONSOLIDATED STATEMENT OF INCOME

(April 1, 2022 to March 31, 2023)

(million yen)

Account Title	Amount
Net sales	7,044,609
Cost of sales	6,644,761
Gross profit	399,847
Selling, general and administrative expenses	347,292
Operating income	52,555
Non-operating income	35,412
Interest income	2,849
Dividend income	20,828
Gain on foreign exchange, net	5,892
Subsidy income	3,724
Others	2,116
Non-operating expenses	12,121
Interest expenses	8,286
Loan loss provisioning	1,603
Others	2,232
Ordinary income	75,845
Extraordinary income	58,950
Gain on sales of fixed assets	54,656
Gain on sales of investment securities	584
Gain on liquidation of subsidiaries and affiliates	1,519
Others	2,190
Extraordinary expenses	59,056
Impairment loss on fixed assets	17,728
Loss on sale of fixed assets	1,405
Loss on disposal of fixed assets	4,499
Loss on revaluation of affiliate stock	25,403
Loss on liquidation of subsidiaries and affiliates	9,837
Others	181
Income before income taxes	75,739
Income taxes - current	28,898
Income taxes - deferred	(2,654)
Net income	49,494

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

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 8, 2023

To: The Board of Directors
Idemitsu Kosan Co., Ltd.

Deloitte Touche Tohmatsu LLC Tokyo Office

Dai Yamamoto
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Minoru Takashima
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Takuya Kawamura
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Audit Opinion

We have audited the consolidated financial statements, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements of Idemitsu Kosan Co., Ltd. (the "Company"), applicable to its consolidated fiscal year from April 1, 2022 to March 31, 2023 pursuant to Article 444, paragraph 4 of the Companies Act of Japan.

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of Idemitsu Kosan Co., Ltd. and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in conformity with the audit standards generally accepted in Japan. Our responsibilities under the audit standards are stated in the "Auditors' Responsibility for Audit of Consolidated Financial Statements." We are independent from the Company and its consolidated subsidiaries pursuant to the relevant ethical requirements in Japan and fulfill other ethical responsibilities as Auditors. We believe that our audit obtained sufficient and appropriate audit evidence forming a basis for our opinion.

Content of Other Statements

Content of other statements includes the Business Report and its annexed detailed statement. The responsibility of the Company's management is to prepare and disclose the content of other statements. In addition, the responsibility of the Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the reporting process concerning the content of other statements.

Our audit opinion on the consolidated financial statements does not cover the content of other statements; therefore, we do not express any opinion regarding the content of other statements.

Our responsibility in auditing the consolidated financial statements is to read through the content of other statements and consider, in the course of such reading, whether there is any material discrepancy between the content of other statements and the consolidated financial statements or the knowledge that we obtained in the course of audit, and to pay attention to whether there is any indication of a material error in the content of other statements, other than such material discrepancy.

If we determine, based on our work, that there is a material error in the content of other statements, we are required to submit a report concerning that.

There are no matters regarding which we should submit a report in relation to the content of other statements.

Management's and Statutory Auditors' and Board of Statutory Auditors' Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

In preparing consolidated financial statements, management is responsible for evaluating whether preparation of consolidated financial statements based on the going concern assumption is appropriate and for disclosing matters concerning the going concern if disclosure thereof is necessary pursuant to corporate accounting standards generally accepted in Japan.

The responsibility of Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the financial reporting process.

Auditors' Responsibility for Audit of Consolidated Financial Statements

Auditors are responsible for expressing in the audit report an opinion on consolidated financial statements from an independent standpoint, based on an audit conducted by Auditors, after obtaining reasonable assurance as to whether there are any material misstatements in the consolidated financial statements in general by fraud or error. Misstatements may occur due to fraud or error, and will be considered material if they are reasonably expected to affect the decision making of users of consolidated financial statements individually or in the aggregate.

Auditors shall make professional judgements and conduct the following maintaining professional skepticism throughout the course of an audit in accordance with auditing standards generally accepted in Japan.

- Auditors shall identify and evaluate the risk of material misstatements by fraud or error. Auditors shall also plan and conduct audit procedures adapting to the risk of material misstatements. Selection and application of audit procedures shall be determined by Auditors. Further, Auditors shall obtain sufficient and appropriate audit evidence forming a basis for Auditors' opinion.
- An audit of consolidated financial statements is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, Auditors assess internal control related to the audit to form a plan for adequate audit procedures according to conditions.
- Auditors shall evaluate the appropriateness of accounting standards adopted by management and the application method thereof, the reasonableness of accounting estimates made by management and the appropriateness of relevant notes.
- Auditors shall conclude whether it is appropriate for management to prepare consolidated financial statements based on the going concern assumption and whether there are material uncertainties regarding events or conditions which may give rise to material doubts about the going concern assumption based on audit evidence obtained. In case of material uncertainty about the going concern assumption, it is necessary to call attention to the notes to the consolidated financial statements in the audit report or to express a modified opinion on the consolidated financial statements if the notes to the consolidated financial statements on material uncertainty are not appropriate. The Auditors' conclusions are based on audit evidence obtained by the date of the audit report; however, companies may not be able to continue to exist as a going concern depending on future events and conditions.
- Auditors shall evaluate, in addition to whether the presented matters and notes to consolidated financial statements are in accordance with auditing standards generally accepted in Japan, whether the presentation, structure and details of consolidated financial statements, including relevant notes, and the transactions and accounting events forming a basis for consolidated financial statements are properly presented.
- In order to express opinions on consolidated financial statements, sufficient and appropriate audit evidence on the financial information of the Company and its consolidated subsidiaries shall be obtained. Auditors shall be responsible for directing, supervising and conducting the audit of consolidated financial statements. Auditors shall be solely responsible for audit opinions.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors on the scope and planned timing of audits, material audit findings, including material inadequacies in internal control identified in the course of the audit process, and other matters required pursuant to the audit standards.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors their compliance with the relevant ethical requirements in Japan regarding independence, as well as matters reasonably considered to affect the independence of Auditors, and the details of safeguards to remove or mitigate obstructive factors, if implemented.

Interest

Our firm and the engagement partners do not have any interest in the Company or its consolidated subsidiaries which should be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

AUDITORS' REPORT ON THE NON-CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 8, 2023

To: The Board of Directors
Idemitsu Kosan Co., Ltd.

Deloitte Touche Tohmatsu LLC Tokyo
Office

Dai Yamamoto
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Minoru Takashima
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Takuya Kawamura
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Audit Opinion

We have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the accompanying supplemental schedules (the "Financial Statements") of Idemitsu Kosan Co., Ltd. (the "Company"), applicable to its 108th fiscal year from April 1, 2022 to March 31, 2023 pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan.

We are of the opinion that the Financial Statements above present properly the financial position and profit and loss for the period related to the Financial Statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in conformity with the audit standards generally accepted in Japan. Our responsibilities under the audit standards are stated in the "Auditors' Responsibility for Audit of the Financial Statements." We are independent from the Company pursuant to the relevant ethical requirements in Japan and fulfill other ethical responsibilities as Auditors. We believe that our audit obtained sufficient and appropriate audit evidence forming a basis for our opinion.

Content of Other Statements

Content of other statements includes the Business Report and its annexed detailed statement. The responsibility of the Company's management is to prepare and disclose the content of other statements. In addition, the responsibility of the Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the reporting process concerning the content of other statements.

Our audit opinion on the non-consolidated financial statements does not cover the content of other statements; therefore, we do not express any opinion regarding the content of other statements.

Our responsibility in auditing the non-consolidated financial statements is to read through the content of other statements and consider, in the course of such reading, whether there is any material discrepancy between the content of other statements and the non-consolidated financial statements or the knowledge that we obtained in the course of audit, and to pay attention to whether there is any indication of a material error in the content of other statements, other than such material discrepancy.

If we determine, based on our work, that there is a material error in the content of other statements, we are required to submit a report concerning that.

There are no matters regarding which we should submit a report in relation to the content of other statements.

Management's and Statutory Auditors' and Board of Statutory Auditors' Responsibility for the Financial Statements

The responsibility of the Company's management is to prepare and present properly the Financial Statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly the Financial Statements free of material misstatement by fraud or error.

In preparing the Financial Statements, management is responsible for evaluating whether preparation of the Financial Statements based on the going concern assumption is appropriate and for disclosing matters concerning going concern if disclosure thereof is necessary pursuant to corporate accounting standards generally accepted in Japan.

The responsibility of Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the financial reporting process.

Auditors' Responsibility for Audit of the Financial Statements

Auditors are responsible for expressing in the audit report an opinion on the Financial Statements from an independent standpoint, based on an audit conducted by Auditors, after obtaining reasonable assurance as to whether there are any material misstatements in the Financial Statements in general by fraud or error. Misstatements may occur due to fraud or error, and will be considered material if they are reasonably expected to affect the decision making of users of the Financial Statements individually or in the aggregate.

Auditors shall make professional judgements and conduct the following maintaining professional skepticism throughout the course of an audit in accordance with auditing standards generally accepted in Japan.

- Auditors shall identify and evaluate the risk of material misstatements by fraud or

error. Auditors shall also plan and conduct audit procedures adapting to the risk of material misstatements. Selection and application of audit procedures shall be determined by Auditors. Further, Auditors shall obtain sufficient and appropriate audit evidence forming a basis for Auditors' opinion.

- An audit of the Financial Statements is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, Auditors assess internal control related to the audit to form a plan for adequate audit procedures according to conditions.
- Auditors shall evaluate the appropriateness of accounting standards adopted by management and the application method thereof, the reasonableness of accounting estimates made by management and the appropriateness of relevant notes.
- Auditors shall conclude whether it is appropriate for management to prepare the Financial Statements on the going concern assumption and whether there are material uncertainties regarding events or conditions which may give rise to material doubts about the going concern assumption based on audit evidence obtained. In case of material uncertainty about the going concern assumption, it is necessary to call attention to the notes to the Financial Statements in the audit report or to express a modified opinion on the Financial Statements if the notes to the Financial Statements on material uncertainty are not appropriate. The Auditors' conclusions are based on audit evidence obtained by the date of the audit report, however, companies may not be able to continue to exist as a going concern depending on future events and conditions.
- Auditors shall evaluate, in addition to whether the presented matters and notes to the Financial Statements are in accordance with auditing standards generally accepted in Japan, whether the presentation, structure and details of the Financial Statements, including relevant notes, and the transactions and accounting events forming a basis for the Financial Statements are properly presented.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors on the scope and planned timing of audits, material audit findings, including material inadequacies in internal control identified in the course of the audit process, and other matters required pursuant to the audit standards.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors their compliance with the relevant ethical requirements in Japan regarding independence, as well as matters reasonably considered to affect the independence of Auditors, and the details of safeguards to remove or mitigate obstructive factors, if implemented.

Interest

Our firm and the engagement partners do not have any interest in the Company which should be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

THE BOARD OF STATUTORY AUDITORS' AUDIT REPORT

AUDIT REPORT

We, the Board of Statutory Auditors of the Company, based on the audit report prepared by each Statutory Auditor on the performance by the Directors of their duties during the 108th fiscal year from April 1, 2022 to March 31, 2023, have prepared this audit report upon deliberation and hereby report as follows:

1. Method of audit by the Statutory Auditors and the Board of Statutory Auditors and the particulars thereof:
 - (1) The Board of Statutory Auditors determined the audit policy, assignment of duties among them, etc., received from each Statutory Auditor reports on the state of his performance of audits and the results thereof, and also received from the Directors, etc. and the accounting auditors Deloitte Touche Tohmatsu LLC (the "Accounting Auditors") reports on the state of performance of their duties and demanded their explanations whenever necessary.
 - (2) Each Statutory Auditor, pursuant to the rules of audits by the Statutory Auditors determined by the Board of Statutory Auditors and in accordance with the audit policy, assignment of duties among them, etc., maintained constant communication with the Directors, the Internal Audit Office and other employees, etc. in an effort to collect information and improve the environment for auditing and conducted our audits in the following methods:
 - (a) We attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, statutory auditors, etc. thereof and required the subsidiaries to render reports on their business operations whenever necessary.
 - (b) With regard to the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation as described in the business report and such other systems provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as necessary to secure the adequacy of business of a corporate group comprising a joint-stock corporation and its subsidiaries, as well as the systems (internal control systems) established pursuant to such resolutions, we received from the Directors, employees, etc. reports on a regular basis, demanded their explanations whenever necessary, and expressed our opinions, on the status of the formulation and operation of the systems. With regard to internal control over financial reporting, we received from the Directors, etc. and the Accounting Auditors reports on the state of evaluation and audits of the internal control and demanded explanations whenever necessary.
 - (c) With regard to the fundamental policy under Article 118, paragraph 3, item (a) of the Ordinance for Enforcement of the Companies Act of Japan as described in the business report, we, taking into consideration the deliberations thereof, etc. by the Board of Directors or otherwise, investigated the content thereof.

- (d) We also monitored and verified whether the Accounting Auditors had maintained an independent position and conducted adequate audits, and received from the Accounting Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Accounting Auditors a notice that “systems to secure adequate performance of duties” (as listed in the items of Article 131 of the Rules of Corporate Accounting) had been established in accordance with the “Standard for Quality Control Concerning Audits” (the Accounting Standards Board of Japan, November 19, 2021) and demanded their explanations whenever necessary.

In accordance with such methods, we investigated the business report and its supplemental schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements) and their accompanying supplemental schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements), for the fiscal year under review.

2. Results of audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

- (a) That the business report and its supplemental schedules present fairly the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;
 - (b) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists;
 - (c) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out. As explained in the business report, the Company's subsidiaries had been found to have engaged in inappropriate acts regarding product testing, and in response to the special investigation committee's reports, the Company has taken measures to prevent a recurrence of the acts, and the Board of Statutory Auditors has confirmed that the content and current status of measures taken are appropriate. With regard to internal control over financial reporting, we have received from the Directors, etc. and the Accounting Auditors reports that there exists no material inadequacy to be disclosed at the time of preparing this audit report; and
 - (d) That the fundamental policy on the ideal of the persons who shall control the determination of financial and business policies of the Company as described in the business report contains nothing to be pointed out.
- (2) Results of audit of the non-consolidated financial statements and their accompanying supplemental schedules:

We are of the opinion that the method and results of the audit made by the Accounting Auditors are proper.

(3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the Accounting Auditors are proper.

May 8, 2023

The Board of Statutory Auditors
Idemitsu Kosan Co., Ltd.

Tsutomu Yoshioka
Full-time Statutory Auditor

Hidefumi Kodama
Full-time Statutory Auditor

Taigi Ito
Outside Statutory Auditor

Yumiko Ichige
Outside Statutory Auditor

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