(Translation)

Dear Shareholders:

Information to be Disclosed on the Internet upon Giving Notice of the 106th Ordinary General Meeting of Shareholders

Idemitsu Kosan Co., Ltd.

Major business offices and plants (as of March 31, 2021):

(i) The Company:

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

(ii) Subsidiaries:

Name	Address
Idemitsu Tanker Co., Ltd.	Chiyoda-ku, Tokyo
SHOWA YOKKAICHI SEKIYU CO., LTD.	Yokkaichi-shi, Mie
TOA Oil Co., Ltd.	Kawasaki-shi, Kanagawa
Idemitsu Retail Marketing Co., Ltd.	Chuo-ku, Tokyo
Idemitsu Supervising Co., Ltd.	Chiyoda-ku, Tokyo
S.I. Energy, Ltd.	Shinjuku-ku, Tokyo
IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	Singapore
IDEMITSU APOLLO CORPORATION	Sacramento, U.S.A.
Idemitsu Unitech Co., Ltd.	Minato-ku, Tokyo
SDS Biotech K.K.	Chuo-ku, Tokyo
Solar Frontier K.K.	Chiyoda-ku, Tokyo
RS Renewables K.K.	Chiyoda-ku, Tokyo
Idemitsu Petroleum Norge AS	Lysaker, Norway
Idemitsu Gas Production (Vietnam) Co., Ltd.	Chiyoda-ku, Tokyo
IDEMITSU AUSTRALIA RESOURCES PTY LTD	Brisbane, Australia
Idemitsu Canada Resources Ltd.	Calgary, Canada
Idemitsu Canada Corporation	Calgary, Canada
IDEMITSU ASIA PACIFIC PTE.LTD.	Singapore

Accounting auditors:

(i) Names of the accounting auditors:

Deloitte Touche Tohmatsu LLC

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

	Amount of remuneration, etc.
Amount of remuneration, etc. payable to the accounting auditors for the fiscal year under review:	¥209 million
Total amount of money and other proprietary benefits payable to the accounting auditors by the Company and its subsidiaries:	¥416 million

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

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

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

(iii) Reasons for the Board of Statutory Auditors to consent to the remuneration, etc. of the accounting auditors:

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

(iv) Content of non-auditing services:

The Company has paid the accounting auditors remuneration for services (non-auditing services), including the preparation of comfort letters, not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

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

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

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

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

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

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

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

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

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

c) Under the Code of Conduct for Compliance, the Company shall make use of the Compliance Book that sets action guidelines on compliance with law to raise awareness of compliance throughout the Group.

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

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

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

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

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

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

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

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

c) Pursuant to the Regulations on Measures upon Outbreak of Crisis and other internal rules, the Company shall take measures promptly and properly upon the outbreak of any serious crisis to the Company or any of its subsidiaries. The Company shall make necessary revisions to the manuals for each task group, as well as other measures, due to the relocation of its new Head Office.

d) The Company shall institute a Business Continuity Plan (BCP) for measures against an epicentral earthquake in the Tokyo metropolitan area, measures against a new type of influenza, etc., and exert group-wide efforts to implement, maintain and manage the BCP. The Company shall reflect findings and items to be improved in the BCP, which will be found through the planned disaster management drills to be scheduled for the first time at the new office.

e) Each business division shall, pursuant to the Regulations on Internal Control and Self-Management, introduce sequentially the Voluntary Inspection WEB System, an assistance tool aimed at strengthening internal control by implementing self-managing PDCA, in relation to risks to the business, to each affiliated company and department.

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

(iv) Internal control over financial reporting:

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

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

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

(v) Severance of all relations with antisocial forces:

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

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

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

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

b) Pursuant to the Regulations of Sanctions and Powers and the Regulations of Execution of Business, the Company shall clearly define the roles and authorities of the Board of Directors, Representative Directors and other Directors.

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

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

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

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

c) In the Affiliated Companies Regulations, the Company shall provide for the rules for selection of Directors and Statutory Auditors of its affiliated companies, pursuant to which the Directors of the Company shall not assume office of Directors of the affiliated companies, in principle.

d) Statutory Auditors of major domestic and overseas affiliated companies shall be dispatched from the Management Support Group established in the Internal

Control Promotion Department, in principle, and shall build a system to strengthen management support and monitor functions related to internal controls of affiliated companies.

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

(viii) Matters concerning the employees to assist the Statutory Auditors of the Company to execute their duties when the Statutory Auditors request the assignment thereof:

The Company shall, upon request from the Statutory Auditors, assign its employees as staff of the Board of Statutory Auditors' Secretariat to assist the Statutory Auditors to execute their duties.

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

a) Staff at the Board of Statutory Auditors' Secretariat shall serve on a full-time basis. The final decision on personnel changes, evaluations, etc. of the Statutory Auditors' staff shall be subject to consent of the Statutory Auditors, which shall be provided for in the internal rules of the Personnel Department.

b) In the Organization Regulations, the Company shall provide for the duties of the Board of Statutory Auditors' Secretariat.

(x) System for reporting by the Directors and employees of the Company and its subsidiaries and the statutory auditors of the subsidiaries to the Statutory Auditors (the Board of Statutory Auditors) of the Company and other systems for reporting to the Statutory Auditors of the Company:

a) The Directors, the Executive Officers, and the head of each department/office shall, pursuant to the Regulations of Execution of Business, report the specified matters to the Statutory Auditors.

b) The Internal Audit Office shall, pursuant to the Internal Audit Regulations, report the results of audits to the Statutory Auditors.

c) The Compliance Committee shall request the attendance of full-time Statutory Auditors as observers, and shall share the state of consultations and measures at the Compliance Contact Offices to the Statutory Auditors as necessary.

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

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

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

(xii) Matters concerning the policy to pay expenses incurred by the Statutory Auditors in executing their duties:

All expenses necessary for the Statutory Auditors in performing their roles and duties, including audits of the execution by the Directors of their duties, election and dismissal of the accounting auditors, shall be borne by the Company.

(xiii) Other systems to ensure effective audits by the Statutory Auditors (the Board of Statutory Auditors) of the Company:

a) The Representative Directors shall hold a regular meeting with the Statutory Auditors quarterly, in principle.

b) The Internal Audit Office shall closely coordinate and cooperate with the Statutory Auditors and the accounting auditors with regard to internal audit schedules, visiting audits, etc.

Note: The above system was resolved at the Board of Directors Meeting held on May 11, 2021, reflecting initiatives conducted with the intention of improving management efficiency and strengthening governance, such as further delegation of authority from the Board of Directors to the business division consolidation of decision-making authority from the Management Meeting to the President, and improvement of regulations of affiliated companies.

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

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

The Company plans to revise the "systems to secure the properness of business activities (so-called "internal control systems")" every year after the institution thereof. During the fiscal year under review, the Company operated the systems pursuant to the resolution made at the Board of Directors Meeting held in May 2020.

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

(i) Activities for compliance:

a) The Compliance Committee held six meetings pursuant to the Compliance Regulations, which are in accordance with the Company's Action Guidelines. In addition, a promotion system was established in all workplaces by the responsible person for compliance promotion, and the managers and the person in charge of compliance promotion in order to spread and promote the Compliance Code of Conduct.

b) The Company has exerted its efforts to raise awareness of compliance by disseminating the Compliance Book and compliance-related cases in and outside of the Company through training sessions for its business offices and subsidiaries nationwide, training sessions for new employees and training sessions for new managers, as well as by utilizing the Compliance Room, a portal site set up on the intranet. During the fiscal year under review, the Company conducted web learning regarding compliance for all employees and management of the Company and its subsidiaries. In addition, the Company conducted questionnaires regarding the Compliance Code of Conduct.

c) The details of consultations handled and measures taken by the Compliance Contact Offices have been reported to the Compliance Committee and shared with the full-time Statutory Auditors to provide advice and monitor the responses to each case and implemented measures to prevent recurrences. In addition, for the purpose of strengthening whistle-blowing systems and consultation services, the Company introduced the Workplace Helpline and Overseas Administration Contact Offices for employees stationed overseas.

(ii) Activities for risk management:

a) The Enterprise Risk Management Committee, chaired by the President, discusses issues including potential management risks to respond to risks by projecting changes in the environment and their impact. In addition, the Risk Management Committee identifies Material Risks that require group-wide continued monitoring based on risk hearing to capture risks, formulates a plan to prevent occurrence of a crisis, selects accident insurance coverage, establishes the BCP, prevents increase of risks and responds to new risks, and confirms the implementation of the plan. For the fiscal year under review, the Committee identified fire and explosion risks, information-related risks, quality assurance risks, environmental pollution risks, etc. as Material Risks and made efforts to control these risks, in connection with which the Committee held five meetings (including one extraordinary meeting).

b) For the purpose of risk management, the Company has focused its efforts on requiring an immediate report on a Bad-News First basis as soon as business risks (accidents, disasters, violations or other risks) are recognized and taking a group-wide countermeasure in an early stage to prevent it from enlarging.

c) With regard to the Business Continuity Plan (BCP) instituted for measures against an epicentral earthquake in the Tokyo metropolitan area, an immense earthquake in the Nankai Trough area and a new type of influenza, the Company updates this plan every year to ensure its effectiveness. In the fiscal year 2020, necessary revisions, such as modifications due to the relocation of the Head Office, the addition of measures against nationwide local earthquakes, and implementation of measures against COVID-19, were made. In addition, each of the refineries, business offices and departments has conducted regular disaster management drills to improve its crisis response capabilities.

d) On the assumption of the Nankai Trough Giant Earthquake occurring during the COVID-19 pandemic, the Company conducted disaster management drills. The Company established the remote task group headquarters (online), confirmed the role of each task group, and confirmed that the task group headquarters system would function. The Company was able to confirm that the establishment of the online task group headquarters can be smoothly conducted even during holidays or at night.

e) With regard to COVID-19, the Company has maintained the task force headquarters system set up in February 2020 and continues to attempt to prevent the spread of infection by working together throughout the Group. The task force headquarter properly makes decisions about balanced policies in response to instances of COVID-19 infection to meet the requirements of the government and the municipal government, and continues to conduct business activities while trying to prevent infection and an outbreak in the Company.

f) For the purpose of strengthening the IT security system, the Company conducted a voluntary inspection of the system of information and control and a security audit.

(iii) Measures to ensure effective audits by the Statutory Auditors:

a) The Representative Directors have regular quarterly meetings with the Statutory Auditors. In addition, through important meetings, such as sessions of the Management Committee and the Risk Management Committee, the Company has shared various issues with the Statutory Auditors, including issues regarding compliance and risk management.

Furtheremore, the Company has exerted its efforts to enhance cooperation between the Statutory Auditors of the Company and the Statutory Auditors of its subsidiaries and to strengthen cooperation through regular meetings between the Outside Statutory Auditors and Outside Directors.

b) In order to enhance the effectiveness of audits by the Statutory Auditors, the Internal Audit Office has strived to strengthen cooperation with the Statutory Auditors by enhancing information exchange and other measures, and to enhance opportunities to visit its business offices and subsidiaries in and outside of Japan by the full-time Statutory Auditors, as well as the Outside Statutory Auditors.

(iv) Measures for internal audits:

a) In the fiscal year 2020, the Company conducted internal audits and assessments of internal controls physically or online due to the effects of COVID-19.

b) In accordance with its annual internal audit plan, the Company has specified the "status of achievement of management targets", "plans to prevent and mitigate risks", "status of compliance" and "effectiveness and efficiency of business operations" as key items of internal audits and conducted internal audits of its business offices and subsidiaries in and outside of Japan. During the fiscal year under review, by focusing on departments such as those having high internal control risks and categorized as having key issues in the medium-term plan, internal audits of 15 departments, comprising of both domestic and overseas departments, were conducted.

c) With regard to internal control over financial reporting, the Company has evaluated the status of establishment and operation of the systems and schemes (group-wide internal control) and the status of documentation and operation of business processes (business process control) and has obtained confirmation from the Committee for Evaluation of Internal Control over Financial Reporting.

(v) Measures for management of subsidiaries:

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

b) Audits of the subsidiaries by the Statutory Auditors are as described in item (iii) (b) above and internal audits of the subsidiaries are as described in item (iv) (a) above. In addition, dedicated full-time Statutory Auditors are assigned to major affiliates, and part-time officers (Statutory Auditors and Directors) are dispatched from Management Support Group established in the Internal Control Promotion Department for the purpose of strengthening governance and reducing risk at some important affiliates. These part-time officers share information with the Company's Statutory Auditors and accounting auditors to enhance the effectiveness of audits. Furthermore, for the purpose of strengthening the internal control of subsidiaries, the Company developed the Voluntary Inspection WEB System for self-managing PDCA, and made a test installation thereof.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(April 1, 2020 to March 31, 2021)

(million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at April 1, 2020	168,351	461,636	408,064	(2,042)	1,036,010
Changes during the year					
Capital surplus (goodwill)		(0)			(0)
Dividends from surplus			(41,697)		(41,697)
Net income attributable to owners of the parent			34,920		34,920
Change in scope of consolidation			218		218
Acquisitions of treasury stock				(25)	(25)
Disposals of treasury stock			(0)	59	59
Reversal of revaluation difference of land			(925)		(925)
Change in items other than shareholders' equity during the year (net)					
Total changes during the year	-	(0)	(7,484)	34	(7,450)
Balance at March 31, 2021	168,351	461,635	400,579	(2,008)	1,028,559

	Accumulated other comprehensive income						Noncontrolling interests	Total net assets
	Unrealized holding gains on other securities	Deferred gains (loss) on hedges	Revaluation difference of land	Translation adjustments	Retirement benefit liability adjustment	Total accumulated other comprehensive income		
Balance at April 1, 2020	1,524	(7,667)	157,834	(34,370)	(3,321)	113,999	50,555	1,200,564
Changes during the year								
Capital surplus (goodwill)								(0)
Dividends from surplus								(41,697)
Net income attributable to owners of the parent								34,920
Change in scope of consolidation								218
Acquisitions of treasury stock								(25)
Disposals of treasury stock								59
Reversal of revaluation difference of land			925			925		-
Change in items other than shareholders' equity during the year (net)	4,268	6,457	825	(12,836)	8,731	7,446	13,651	21,097
Total changes during the year	4,268	6,457	1,750	(12,836)	8,731	8,372	13,651	14,572
Balance at March 31, 2021	5,792	(1,209)	159,585	(47,207)	5,410	122,371	64,206	1,215,136

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(1) Matters concerning the scope of consolidation

(i) Consolidated subsidiaries:

- Number of consolidated subsidiaries: 100 companies
- Names of major consolidated subsidiaries:

Idemitsu Tanker Co., Ltd.
SHOWA YOKKAICHI SEKIYU CO., LTD.
TOA Oil Co., Ltd.
Idemitsu Retail Marketing Co., Ltd.
Idemitsu Supervising Co., Ltd.
S.I. Energy, Ltd.
IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.
IDEMITSU APOLLO CORPORATION
Idemitsu Unitech Co., Ltd.
SDS Biotech K.K.
Solar Frontier K.K.
RS Renewables K.K.
Idemitsu Petroleum Norge AS
Idemitsu Gas Production (Vietnam) Co., Ltd.
IDEMITSU AUSTRALIA RESOURCES PTY LTD
Idemitsu Canada Resources Ltd.
Idemitsu Canada Corporation
IDEMITSU ASIA PACIFIC PTE. LTD.

(ii) Non-consolidated subsidiaries:

- Name of major non-consolidated subsidiary:

Idemitsu Lube Techno Co., Ltd.

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

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

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

- Name of the company: Astomos Energy Corporation

- Reason for not treating it as a subsidiary:

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

(2) Matters concerning the application of the equity method

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

- Number of non-consolidated subsidiaries or affiliates to which the equity method is applied: 25 companies
- Names of the major companies: Astomos Energy Corporation
  Idemitsu Credit Co., Ltd.
  PS Japan Corporation
  Prime Polymer Co., Ltd.
  Nghi Son Refinery and Petrochemical LLC
  Seibu Oil Co., Ltd.

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

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

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

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

With regard to the equity method companies whose balance sheet dates do not correspond to the consolidated balance sheet date, the companies use the financial statements for the company's respective fiscal years.

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

(i) Change in the scope of consolidation:

・ Number of new consolidated subsidiaries:	Three companies
・ Names of the new consolidated subsidiaries:	Idemitsu Business Expert Co., Ltd. Huizhou Idemitsu Lube Co., Ltd. Idemitsu Americas Holdings Corporation Idemitsu Business Expert Co., Ltd. (former Creco Corporation) and Huizhou Idemitsu Lube Co., Ltd. are included in the scope of consolidation due to their increased importance, and Idemitsu Americas Holdings Corporation was newly established during the consolidated fiscal year.
• Number of subsidiaries excluded from the scope of consolidation:	Six companies
• Names of the subsidiaries excluded from the scope of consolidation:	K.K. Rising Sun Shell Lubricants Japan K.K. and four other companies K.K. Rising Sun is excluded from the scope of consolidation as a result of the disappearing due to the absorption-type merger making Apollolink Co., Ltd. (former Apolloretailing Co., Ltd.) the surviving company, and Shell Lubricants Japan K.K. is excluded from the scope of consolidation as a result of the transfer of the shares.

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

• Number of new equity method companies:	None
• Number of companies excluded from the scope of equity method:	Nine companies
• Name of companies excluded from the scope of equity method	AltaGas Idemitsu Joint Venture Limited Partnership and eight other companies AltaGas Idemitsu Joint Venture Limited Partnership is excluded from the scope of the equity method company as a result of liquidation.

(4) Matters concerning the fiscal years of consolidated subsidiaries

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

(5) Notes on accounting policies

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

(a) Basis and method of valuation of securities:

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

(b) Basis and method of evaluation of inventories:

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

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

(c) Basis and method of evaluation of derivatives:

At market value

(ii) Method of depreciation of important depreciable assets:

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

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

(a)	Allowance for doubtful accounts:	To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of specific claims, such as probable non-performing credits.
(b)	Allowance for bonuses:	To meet the payment of bonuses to employees, the Company sets aside the portion for the consolidated fiscal year under review of an estimated amount of bonuses to be paid in the future.
(c)	Reserve for repair works:	To meet the payment for repair expenses in the future, the Company sets aside the portion until the consolidated fiscal year under review of an amount of expenses of inspection and repair to be defrayed in respect of the oil tanks and machinery and equipment and vessels that require periodic repairs in the future.

(iv) Method of important hedge accounting

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

(b) Hedging instruments and hedged items:

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

Hedged items: Foreign currency receivables and payables, foreign currency investment securities, forecasted foreign currency transactions, crude oil and petroleum products, equity interests in overseas subsidiaries and debts payable.

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

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

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

(v) Amortization of goodwill:

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

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

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

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

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

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

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

(c) Accounting treatment of deferred assets:

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

(d) Accounting treatment of consumption taxes, etc.:

Consumption taxes and local consumption taxes are excluded from each account subject to such taxes.

(6) Change in accounting policies

Not applicable.

(7) Change in presentation methods

(Application of “Accounting Standard for Disclosure of Accounting Estimates”)
“Accounting Standard for Disclosure of Accounting Estimates”(ASBJ Statement No. 31, March 31, 2020) is applied from the consolidated fiscal year and the Company has added “(8) Notes to Accounting Estimates” in the notes to the consolidated financial statements

(8) Notes to Significant Accounting Estimates

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

Items that may have a significant impact on the consolidated financial statements of the Company are as follows.
Although the impact of the COVID-19 will continue to a certain extent in fiscal year 2021 and beyond, we assume that the economies of various countries will recover gradually. Therefore, we consider that there will be no material impact on our accounting estimates at this time.

(i) Valuation of deferred tax assets

The recoverability of deferred tax assets has been assessed based on estimated taxable income in the future period which generally allows companies to make reasonable estimate. The timing and amount of future taxable income are estimated based on the future business plan approved by the Board of Directors, which includes assumptions such as commodity prices and margins.

Since the timing and amount of future taxable income may be affected by uncertain future changes in economic conditions, if the actual timing and amount of taxable income differ from the estimates, the amount of available deferred tax assets may change accordingly, and thus, there may be material impact on the consolidated financial statements.

Deferred tax assets are described in Note 5, Notes to the Non-Consolidated Financial Statements, regarding tax effects.

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

The Company has an equity interest in and loans to Nghi Son Refinery and Petrochemical LLC ("NSRP"), which is an equity-method affiliate of the Company. NSRP's financial performance is reflected in the Company's consolidated financial statements through equity in earnings (losses) of affiliates. Also, NSRP's financial position has an impact on the fair value of long-term loans receivable, whose change is reflected in net income in the Company's consolidated financial statements. The amounts and the line items of the equity interest and the loans recorded in the consolidated balance sheet are as follows:

	Line item	Amount (million yen)
Equity interest	Investment securities	-
Loans	Long-term loans receivable	30,110

During the current fiscal year, NSRP did not achieve the planned financial performance mainly due to lower product margins, which were significantly affected by changes in market prices. This led NSRP to record an operating loss of ¥78,253 million in its financial statements. Since this indicated that its fixed assets subject to impairment test may be impaired, NSRP performed an impairment test on such assets. As the recoverable amount of the fixed assets, which had been calculated based on their value in use, exceeded their carrying amount of ¥710,024 million recorded in its balance sheet, NSRP did not record an impairment loss on the fixed assets.

As to the Company's consolidated financial statements, the Company recorded a loss on valuation of long-term loans receivable of ¥18,114 million since their fair value, which had been based on estimated future cash flows, was less than their carrying amount.

The value in use and the fair value based on estimated future cash flows were calculated by applying NSRP's future business plan and involve the use of certain assumptions such as discount rates, product margins and asset utilization rates. The changes in these assumptions may have a material impact on the Company's consolidated financial statements.

(9) Change in accounting estimates

Not applicable.

2. Notes to the consolidated balance sheet

(1) Assets pledged and corresponding liabilities

Assets pledged

(i)	Factory foundation mortgage:	
	Land	¥415,201 million
(ii)	Other pledges:	
	Investment securities	¥3,365 million
	Total	¥418,566 million

In addition to the above, the Company pledged the capital contribution (investment securities) in Nghi Son Refinery and Petrochemical LLC (“NSRP”) and long-term loans receivable from NSRP as collateral for NSRP’s borrowings from financial institutions. The equity method has been applied to NSRP, and the consolidated balance sheet amount of each item is as described below:

	The consolidated fiscal year under review (March 31, 2021)
Investment securities (million yen)	—
Long-term loans receivable (million yen)	30,110

Liabilities with assets pledged

Factory foundation mortgage:	
Accounts payable-other	¥91,843 million
Total	¥91,843 million

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

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

(2) Accumulated depreciation of tangible fixed assets ¥2,274,205 million

(3) Contingent liabilities

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

(i) Guarantee of obligations

Japan Biofuels Supply LLP.	¥6,203 million
IDEMITSU LUBRICANTS (THAILAND) CO. LTD.	¥2,851 million
Oyasu Geothermal Co., Ltd.	¥1,621 million
Others	¥1,347 million
Total	¥12,024 million

(ii) Management directive memorandums

Hibikinada Development Co., Ltd.	¥15 million

(iii) Construction completion guarantee

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

The Company's burden of guarantee	¥153,428 million

(4) Land revaluation

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

(i) Method of revaluation:

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

(ii) Revaluation date: March 31, 2002

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

(¥99,401 million)

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

(1) Matters concerning the total number of issued shares

Class of shares	Number of shares as of April 1, 2020	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2021
Shares of common stock	297,864 thousand shares	－ thousand shares	－thousand shares	297,864 thousand shares

(2) Matters concerning the number of shares of treasury stock

Class of shares	Number of shares as of April 1, 2020	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2021
Shares of common stock	603 thousand shares	10 thousand shares	17 thousand shares	596 thousand shares

(Note 1) The increase of 10 thousand shares is due to acquisitions of less-than-one-unit shares.

(Note 2) The decrease of 17 thousand shares consists of a decrease of 16 thousand shares due to the stock awards in accordance with the Board Incentive Plan Trust for Officers and a decrease of 0 thousand shares due to the disposals of less-than-one-unit shares.

(3) Matters concerning the distribution of retained earnings

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

Matters concerning the dividends determined by resolution at the meeting of the Board of Directors held on May 26, 2020:

- Aggregate amount of dividends ¥23,827 million
- Amount of dividend per share ¥80
- Record date March 31, 2020
- Effective date June 11, 2020

(Note) The total dividends paid include dividend payment of ¥45 million made for the treasury stock held by the Board Incentive Plan Trust for Officers.

Matters concerning the dividends determined by resolution at the meeting of the Board of Directors held on November 10, 2020:

- Aggregate amount of dividends ¥17,870 million
- Amount of dividend per share ¥60
- Record date September 30, 2020
- Effective date December 7, 2020

(Note) The total dividends paid include dividend payment of ¥32 million made for the treasury stock held by the Board Incentive Plan Trust for Officers.

(ii) Dividends for which the record date falls during the consolidated fiscal year under review but the effective date falls during the next consolidated fiscal year:

The following matters are scheduled to be determined by resolution at the meeting of the Board of Directors held on May 11, 2021:

- Aggregate amount of dividends ¥17,870 million
- Amount of dividend per share ¥60
- Record date March 31, 2021
- Effective date June 2, 2021

(Note) The total dividends paid include dividend payment of ¥32 million made for the treasury stock held by the Board Incentive Plan Trust for Officers.

4. Notes on financial instruments

(1) Matters relating to the status of financial instruments

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

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

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

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

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

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

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

The following chart shows the consolidated balance sheet amounts of financial instruments as of March 31, 2021, along with their current values and the variances:

(million yen)

	Consolidated balance sheet amount	Current value	Variance
(1) Cash and deposit	131,343	131,343	—
(2) Notes and accounts receivable-trade	602,661	602,661	—
(3) Investment securities	25,078	27,525	2,446
(4) Long-term loans receivable	37,720	35,841	(1,878)
Total assets	796,803	797,371	568
(1) Notes and accounts payable-trade	530,697	530,697	—
(2) Short-term borrowings	334,309	334,309	—
(3) Commercial papers	188,005	188,005	—
(4) Current portion of bonds payable	20,000	20,000	—
(5) Accounts payable, other	406,890	406,890	—
(6) Bonds	100,000	99,623	(377)
(7) Long-term debt	637,468	639,000	1,531
Total liabilities	2,217,371	2,218,525	1,154
Derivatives (*)	(10,694)	(10,694)	—

(*) Net receivables and payables resulting from derivatives transactions are presented on net base. The total net payables are presented in parentheses.

(Note) Matters concerning the calculation method of the current values of financial instruments, as well as securities and derivatives:

Assets:

(1) Cash and deposit

The book value is used for deposits, as the current value is nearly equal to the book value as a result of their short terms.

(2) Notes and accounts receivable-trade

The book value is used for these items, as the current value is nearly equal to the book value as a result of their short settlement periods.

(3) Investment securities

With regard to investment securities with market value, the current value of stocks is determined by the price thereof traded on an exchange. For bonds, the value is determined by the price announced by the Company's financial institutions. Unlisted shares (¥214,117 million) that have no market price are not included in the above table as determining the market value is recognized as being extremely difficult.

(4) Long-term loans receivable

Regarding the current value, the book value is used for long-term loans receivable valued at fair value, and other long-term loans receivable are calculated from the present value of the future cash flow discounted at a rate supposing a similar loan is newly extended.

<u>Liabilities</u>:

(1) Notes and accounts payable-trade, (2) Short-term borrowings, (3) Commercial papers, (4) Current portion of bonds payable, and (5) Accounts payable, other.

The book value is used for these items, as the current value is nearly equal to the book value as a result of their short settlement periods.

(6) Bonds

The current value is based on the market price.

(7) Long-term debt

The current value is calculated from the present value of the total principal and interest discounted at a rate supposing similar borrowings are newly conducted.

<u>Derivatives</u>:

The current value is calculated based on the forward exchange rate, the futures price and the price and other information shown by the Company's counterparties.

5. Notes on real estate for lease, etc.

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

The Company and some of its subsidiaries possess office buildings for lease, oil storage tanks, commercial establishments, etc. (including land) in Tokyo, Osaka and other areas in Japan and overseas. For the consolidated fiscal year under review, with regard to real estate for lease, etc., income on lease was ¥1,204 million (lease income is accounted for in net sales and lease expenses are accounted for in selling, general and administrative expenses, respectively, in principle), income on disposal and sales of fixed assets was ¥434 million (accounted for in extraordinary income/expenses) and there was no impairment loss on fixed assets.

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

(million yen)

Consolidated balance sheet amount	Current value
135,897	142,446

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

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

6. Notes on the information per share

(1) Net assets per share (yen): 3,871.69

(2) Net income per share (yen): 117.47

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

(Note 2) In calculating net assets per share, the 547 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stock that is to be deducted from the number of the Company's issued shares at the end of the fiscal year under review. Also, in calculating net income per share, the 547 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stock that is to be deducted from the average number of the Company's issued shares during the fiscal year under review.

7. Notes on significant subsequent events

Not applicable.

8. Notes on asset retirement obligations

Asset retirement obligations recorded on the consolidated balance sheet:

(1) Summary of the asset retirement obligations:

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

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

The periods projected prior to defrayment are based on, with regard to service stations, the useful lives of principal facilities thereof and with regard to oil development, coal, etc., mining lives from the commencement of operations. Applicable discount rates range from 0.2% to 3.9%.

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

(million yen)

Balance at beginning of year	63,603
Increased amount in connection with the acquisition of tangible fixed assets	4,678
Adjustments by lapse of time	1,884
Decreased amount as a result of asset retirement obligations	(1,750)
Increased (decreased) amount as a result of changes in estimates (see Note 1)	9,903
Other increased (decreased) amount (see Note 2)	407
Balance at end of year	78,726

(Note 1) During the consolidated fiscal year under review, the Company changed the amounts of estimates because it discovered that the expenses to be incurred upon termination of production or mining rights by some overseas consolidated subsidiaries would increase or decrease. The increased (decreased) amount comprises an increase of ¥9,950 million and a decrease of ¥47 million.

(Note 2) “Other increased (decreased) amount” was generated principally by the increase resulting from currency fluctuations.

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

(April 1, 2020 to March 31, 2021)

(million yen)

	Shareholders' equity								
		Additional paid-in capital		Retained earnings					
					Other retained earnings				
	Common stock	Capital reserve	Total additional paid-in capital	Retained earnings reserve	Reserve for special depreciation	Reserve for loss on overseas investment, etc.	Reserve for advanced depreciation of fixed assets	Retained earnings carried forward	Total retained earnings
Balance at April 1, 2020	168,351	458,105	458,105	1,081	313	217	32,688	66,059	100,360
Changes during the year									
Dividends from surplus								(41,697)	(41,697)
Net income								96,760	96,760
Acquisitions of treasury stock									
Disposals of treasury stock								(0)	(0)
Additions to other retained earnings							2,809	(2,809)	—
Reversal of other retained earnings					(313)	(84)	(2,086)	2,484	—
Reversal of revaluation difference of land								(925)	(925)
Changes in items other than shareholders' equity during the year (net)									
Total changes during the year	—	—	—	—	(313)	(84)	723	53,811	54,136
Balance at March 31, 2021	168,351	458,105	458,105	1,081	—	132	33,411	119,870	154,496

(million yen)

	Shareholders' equity		Valuation and translation adjustments				
	Treasury stocks	Total shareholders' equity	Unrealized holding gains on other securities	Deferred gains (loss) on hedges	Revaluation difference of land	Total valuation and translation adjustments	Total net assets
Balance at April 1, 2020	(2,002)	724,814	1,221	(2,578)	157,834	156,478	881,292
Changes during the year							
Dividends from surplus		(41,697)					(41,697)
Net income		96,760					96,760
Acquisitions of treasury stock	(25)	(25)					(25)
Disposals of treasury stock	59	59					59
Additions to other retained earnings		—					—
Reversal of other retained earnings		—					—
Reversal of revaluation difference of land		(925)			925	925	—
Changes in items other than shareholders' equity during the year (net)			3,090	1,396	825	5,311	5,311
Total changes during the year	34	54,170	3,090	1,396	1,750	6,237	60,408
Balance at March 31, 2021	(1,967)	778,985	4,312	(1,181)	159,585	162,715	941,701

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

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Matters concerning significant accounting policies

(1) Basis and method of valuation of assets

(i) Basis and method of valuation of securities:

(a) Bonds to be held to maturity:	At amortized cost (straight-line method).
(b) Capital stocks of affiliates:	At cost, determined by the moving average method.
(c) Other securities:	
Those with market value:	At market value, implementing the use of the market price at each reporting date (valuation differences are included directly in net assets, and costs of securities sold are determined by the moving average method).
Those without market value:	At cost, determined by the moving average method

(ii) Basis and method of evaluation of inventories:

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

(iii) Basis and method of evaluation of derivatives:

At market value

(2) Method of depreciation of fixed assets

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

(3) Basis for accounting for allowances and reserves

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

(4) Method of hedge accounting

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

(ii) Hedge instruments and hedged items:

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

Hedged items: Foreign currency receivables and payables, foreign currency investment securities, equity interests in overseas subsidiaries, crude oil and petroleum products and debts payable.

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

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

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

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

(i) Accounting treatment of deferred assets:

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

(ii) Accounting treatment of consumption taxes, etc.:

Consumption taxes and local consumption taxes are excluded from each account subject to such taxes.

(6) Change in accounting policies

Not applicable.

(7) Changes in presentation methods

(Application of "Accounting Standards for Disclosure of Accounting Estimates")
"Accounting Standards for Disclosure of Accounting Estimates" (ASBJ Statement No.31, March 31, 2020) is applied from the fiscal year under review and the Company has added "(8) Notes to Accounting Estimates" in the notes to the non-consolidated financial statements.

(8) Notes to Accounting Estimates

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

2. Notes to the non-consolidated balance sheet

(1) Assets pledged and corresponding liabilities

Assets pledged

(i)	Factory foundation mortgage:	
	Land	¥339,770 million
(ii)	Other pledges:	
	Investment securities	¥365 million
	Investments in shares of affiliates	¥3,000 million
	Total	¥343,135 million

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

Liabilities with assets pledged

Factory foundation mortgage:	
Accounts payable-other	¥55,228 million
Total	¥55,228 million

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

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

(2) Accumulated depreciation of tangible fixed assets: ¥1,755,144 million

(3) Contingent liabilities:

(i) Guarantee of obligations

IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	¥166,914 million
Idemitsu Gas Production (Vietnam) Co., Ltd.	¥38,312 million
IDEMITSU ASIA PACIFIC PTE. LTD.	¥37,641 million
Others	¥57,166 million
Total	¥300,034 million

(ii) Management directive memorandums

Hibikinada Development Co., Ltd.	¥15 million

(iii) Construction completion guarantee

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

The Company's burden of guarantee	¥153,428 million

(4) Receivables from affiliates and payables to affiliates:

(i)	Short-term receivables from affiliates:	¥386,062 million
(ii)	Long-term receivables from affiliates:	¥24,379 million
(iii)	Short-term payables to affiliates:	¥258,915 million
(iv)	Long-term payables to affiliates:	¥3,881 million

(5) Land revaluation

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

(i) Method of revaluation:

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

(ii) Revaluation date: March 31, 2002

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

(¥99,401 million)

3. Notes to the non-consolidated statement of income

(1) Transactions with affiliates:

(i) Sales:	¥855,091 million
(ii) Purchases:	¥615,230 million
(iii) Transactions other than ordinary business:	¥39,023 million

(2) Gain on extinguishment of tie-in shares

The gain on extinguishment of tie-in shares, ¥638 million, is due to an absorption-type company split in which Showa Shell Sekiyu K.K. (currently RS Energy K.K.) was the splitting company and the Company was the succeeding company.

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

Matters concerning the number of shares of treasury stock:

Class of shares	Number of shares as of April 1, 2020	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2021
Shares of common stock	585 thousand shares	10 thousand shares	17 thousand shares	578 thousand shares

(Note 1) The increase of 10 thousand shares is due to the acquisitions of less-than-one-unit shares.

(Note 2) The decrease of 17 thousand shares consists of a decrease of 16 thousand shares due to stock awards in accordance with the Board Incentive Plan Trust for Officers and a decrease of 1 thousand shares due to the disposals of less-than-one-unit shares.

(Note 3) Of the number of shares at the end of the current period 547 thousand shares were held by the Board Incentive Plan Trust for Officers.

5. Notes on tax effect accounting

Principal components of deferred tax assets and deferred tax liabilities:

(Deferred tax assets)	(million yen)
Tax effect on investments	74,237
Tax loss carry forwards	42,214
Retirement allowances for employees	21,766
Impairment loss on fixed assets	16,805
Reserve for repair works	15,656
Estimated sales prices	5,022
Asset retirement obligations	3,781
Accounts payable for removal	2,560
Loss on penalty for LPG business	2,449
Allowance for bonuses	2,192
Deferred loss on hedges	1,182
Accounts payable upon transition to defined contribution pension plan	787
Software	515
Unrealized holding gains on other securities	152
Others	7,624
Subtotal of deferred tax assets	196,950
Valuation reserve	(89,353)
Total deferred tax assets	107,596
(Deferred tax liabilities)	
Market price valuation difference due to business combination	(68,367)
Reserve for deferred income tax on fixed assets	(21,052)
Asset retirement obligations	(2,253)
Unrealized holding gains (loss) on other securities	(2,168)
Tax effect on investments	(1,617)
Deferred gains (loss) on hedges	(660)
Reserve for special depreciation	(100)
Reserve for loss on overseas investment	(58)
Total deferred tax liabilities	(96,278)
Net deferred tax assets	11,317

6. Notes on the fixed assets used by lease

The notes are omitted because they are insignificant.

7. Notes on transactions with related parties

Attribute	Trade name	Capital stock (million yen)	Principal business	Ratio of voting rights owned by the Company (owned in the company)(%)	Relationship	Transaction	Transaction amount (million yen)	Account item	End-of-year balance (million yen)
Subsidiary	IDEMITSU AUSTRALIA RESOURCES PTY LTD	A$106,698 thousand	Investigation, exploration, development and sale of coals	100.0 (direct)	None	Guarantee of obligations (Note 1)	35,120	-	-
Subsidiary	IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	US$45,156 thousand	Import, export and trading of crude oil, petroleum products, etc.	100.0 (indirect)	None	Guarantee of obligations (Note 2)	166,914	-	-
Subsidiary	IDEMITSU ASIA PACIFIC PTE. LTD.	US$340,520 thousand	Management support for overseas branches and overseas financial planning, etc.	100.0 (direct)	None	Guarantee of obligations (Note 1)	37,641	-	-
Subsidiary	Idemitsu Americas Holdings	US$1,500 thousand	Development of a group financial system in the U.S., etc.	100.0 (direct)	None	Accommodation of surplus funds （Note 3）	42,442	Cash Deposit	42,442
Subsidiary	SHOWA YOKKAICHI SEKIYU CO., LTD.	4,000	Oil refinery and production of petrochemical products	75.0 (direct)	None	Advance payment of gasoline tax (Note 4)	145,220	Accounts payable, other	49,991
						Loan extension (Note 5)	43,976	Short-term loans receivable	40,296
Subsidiary	Showa Shell Sekiyu K.K. (currently RS Energy K.K.)	200	Oil, energy solutions, and other businesses	100.0 (direct)	None	Succession by company split (Note 6) Assets succeeded to through company	25,984	-	-

						split Liabilities succeeded to through company split	4,524		
Subsidiary	Idemitsu Gas Production (Vietnam) Co., Ltd.	1	Exploration and development of oil and gas fields	100.0 (direct)	None	Guarantee of obligations (Note 1)	38,312	-	-
Affiliate	Idemitsu Credit Co., Ltd.	1,950	Credit card and credit guarantee business	50.0 (direct)	None	Collection of trade receivables (Note 7)	981,547 (Note 8)	Accounts receivable - other	46,112
Affiliate	Seibu Oil Co., Ltd.	8,000	Oil refinery and production and sale of petrochemical products	38.0 (direct)	None	Purchase of petroleum products, etc. (Note 9)	271,938	Accounts payable - trade	51,295
Affiliate	Nghi Son Refinery and Petrochemical LLC	US$2,362,723 thousand	Oil refinery and production and sale of petrochemical products	35.1 (direct)	None	Construction completion guarantee (Note 10)	153,428 (Note 11)	-	-
Company or other entity whose majority voting rights are held by the Company's officer or his/her close relative	Nissho Kosan Co., Ltd. (Note 12)	100	Real estate leasing and management	9.1 (owned in the Company) (direct)	Interlocking officers	Building lease (Note 13)	200	Prepaid expenses Security deposit	18 109

(Note 1) The Company guarantees obligations principally for bank loans.
(Note 2) The Company guarantees obligations principally for purchasing goods
(Note 3) This transaction is a notional pooling transaction.
(Note 4) Advance payment of gasoline tax is the payment for the advance payment of taxes on petroleum products shipped from SHOWA YOKKAICHI SEKIYU CO., LTD. and

sold by the Company, and the payment terms are the same as those stipulated in the Gasoline Tax Act.

The advance payment of oil and coal taxes is the payment for the advance payment of taxes on crude oil imports for the offtake of bonded working distillates, and the payment terms are the same as those stipulated in the Petroleum and Coal Tax Act.

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

(Note 6) The company split is a transaction under common control and the assets and liabilities above have been transferred at a fair book value.

(Note 7) The Company receives from Idemitsu Credit Co., Ltd. part of the trade receivables of petroleum products, etc. for exclusive distributors (after offsets by such exclusive distributors against credit receivables from Idemitsu Credit Co., Ltd.).

(Note 8) The transaction amount represents the total annual collection amount.

(Note 9) The Company determines whether to purchase products, etc. taking into consideration market prices, etc.

(Note 10) The Company has provided a construction completion guarantee for the project finance in connection with the project to construct the Nghi Son Refinery and Petrochemical Complex. In addition, the Company pledged the capital contribution (investment in shares of affiliate) in the Nghi Son Refinery and Petrochemical LLC ("NSRP"), amounting to ¥90,645 million, as collateral for NSRP's borrowings from financial institutions. All of the capital contribution (investment in shares of affiliate) has been accounted for as impairment loss in the fiscal year 2019 .

(Note 11) The transaction amount represents the portion of the guarantee amount provided by the Company.

(Note 12) Mr. Masakazu Idemitsu, one of the Company's directors, and his close relatives hold 100% of the voting rights.

(Note 13) Rents are calculated based on actual transactions in the vicinity.

8. Notes on the information per share

(1)	Net assets per share (yen):	3,167.66
(2)	Net income per share (yen):	325.48

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

(Note 2) In calculating net assets per share, the 547 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stock that is to be deducted from the number of the Company's issued shares at the end of the fiscal year under review. Also, in calculating net income per share, the 547 thousand shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan are included in the number of treasury stock that is to be deducted from the average number of the Company's issued shares during the fiscal year under review.

9. Notes on significant subsequent events

Not applicable.

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