

(Translation)

Securities Code: No. 5019

June 1, 2021

To the Shareholders:

NOTICE OF THE 106TH ORDINARY GENERAL MEETING
OF SHAREHOLDERS

Dear Shareholders:

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

Please note that the 106th Ordinary General Meeting of Shareholders of the Company will be held as described below.

To prevent the spread of COVID-19 and place the highest priority on your safety, we would greatly appreciate it if you could refrain from attending the Ordinary General Meeting of Shareholders in person, and instead exercise your voting rights either through mail or the Internet (deadline: 5:00 p.m., Tuesday, June 22, 2021).

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:

Wednesday, June 23, 2021, at 10:00 a.m.

2. Place of the meeting:

“Grand Ball Room”, 3F, Grand Hyatt Tokyo
10-3, Roppongi 6-chome, Minato-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 106th fiscal year (from April 1, 2020 to March 31, 2021)
2. Report on the non-consolidated financial statements for the 106th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

- | | |
|--------------------|--|
| Proposition No. 1: | Partial Amendments to the Articles of Incorporation |
| Proposition No. 2: | Reduction of Legal Capital Surplus and Reclassification to Other Capital Surplus |
| Proposition No. 3: | Election of eleven (11) Directors |
| Proposition No. 4: | Election of one (1) Audit & Supervisory Board Member |
| Proposition No. 5: | Election of one (1) Substitute Audit & Supervisory Board Member |

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 in writing 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.
 - Of the documents to be provided upon giving notice of this Ordinary General Meeting of Shareholders, the following documents, which are posted on our Internet website (<https://www.idemitsu.com/jp>) in accordance with the applicable laws and ordinances and Article 15 of the Articles of Incorporation of the Company, are not included in the attached documents to the notice of this Ordinary General Meeting of Shareholders.

The attached documents to the notice of this Ordinary General Meeting of Shareholders, as well as the following documents, which are posted on our Internet website, are part of the consolidated financial statements or non-consolidated financial statements that have been audited by the Audit & Supervisory Board Members in preparing their audit report and by the accounting auditors in preparing their accounting auditors' reports, respectively.

 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"
 - In the event of the revision of any matter in the business report, the consolidated financial statements, the non-consolidated financial statements and the Reference Document for the General Meeting of Shareholders prior to the date of this Ordinary General Meeting of Shareholders, it will be posted on our Internet website set forth above.

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 exercise your voting rights either through mail 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 video broadcast of the meeting via the Internet 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: Wednesday, June 23, 2021, 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: Tuesday, June 22, 2021, 5:00 p.m.

3. Electronic Voting via the Internet

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

Votes must be completed by: Tuesday, June 22, 2021, 5:00 p.m.

<Instructions for filling out the voting form>

Please indicate approval or disapproval with respect to each proposition.

Propositions No. 1, No. 2, No. 4, and No. 5

Approval: Mark ☐ in the box labelled “贊” Disapproval:

Mark ☐ in the box labelled “否”

Propositions No. 3

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.

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

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

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

Scan Method for 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.

Input method for 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.

At this year's General Meeting of Shareholders, the Company will (1) provide a live video broadcast of the meeting via the Internet and (2) accept questions in advance as measures to prevent the spread of COVID-19 and to allow shareholders who do not attend the meeting physically to participate in the meeting. We ask all shareholders to please read the following information and make use of it. For further details, please refer to the enclosed attachment "Measures to Prevent the Spread of COVID-19 at the 106th Ordinary General Meeting of Shareholders of the Company".

Notice of the Live Video Broadcast of the Meeting via the Internet

1. How to participate

(1) Please access the following URL or QR code from your PC or smartphone, as the Company's dedicated website for viewing the meeting will be available as of one hour prior to the start of the meeting.

<https://www.virtual-sr.jp/users/idemitsu-106ogms/login.aspx>



Please allow yourself plenty of time to log in, as the lines are expected to be busy on the day of the meeting.

(2) Please prepare the enclosed voting form, input the "shareholder number" included in the voting form in the ID field, input the "password" included in the enclosed attachment "Measures to Prevent the Spread of COVID-19 at the 106th Ordinary General Meeting of Shareholders of the Company" in the password field, and access the video broadcast site to view the meeting.

2. Notes on viewing

- Please note that you only will be able to view the meeting, and will not be able to ask questions, make comments, or exercise your voting rights via this video broadcast. Please exercise your voting rights in advance.
- Please be aware that the video and audio may be distorted or unavailable due to the equipment used, Internet connection quality, line conditions, etc.
- Please refrain from recording this broadcast.
- The shareholder numbers and passwords are for the sole use of the individual shareholders to whom they are provided and may not be provided to any third party.
- Shareholders are responsible for their own communication costs.

Accepting Questions in Advance

1. How to ask questions

Please access the following URL or QR code and click on “第 106 回定時株主総会事前質問受付” (Questions in advance of the 106th Ordinary General Meeting of Shareholders), read our Privacy Policy, and check the “同意する” (agree) box. Then, please fill in the necessary information on the Questions in advance page and submit it to us by the end of the question period stated below. Please note that you will need to enter the shareholder number included in the voting form, so please have the voting form close by.

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



Question period: Tuesday, June 1 to Wednesday, June 16, 2021, 5:00 p.m.

After the question period has expired, you will not be able to click the submit button even if you are in the middle of entering a question. We ask shareholders to enter their questions early.

2. Method of response by the Company

- From the questions received in advance, the Company will select items that are considered to be of most interest to shareholders and will answer them all at once on the day of the General Meeting of Shareholders. Shareholders watching the video broadcast of the meeting also will be able to hear the answers.
- The Company will not be able to answer all questions from shareholders, nor will it be able to provide individual responses to shareholders who have asked questions.

Memo

Reference Document for the General Meeting of Shareholders

Proposition No. 1: Partial Amendments to the Articles of Incorporation

1. Objectives of the Amendment to the Articles of Incorporation

- (1) To establish new provisions to allow for the appointment of a president/executive officer and other officers from non-directors, to facilitate optimal and flexible changes to the management structure (new Article 22).
- (2) To reduce the number of directors to allow the board to adapt flexibly to changes in the operating environment and to make more rapid and accurate decisions (new Article 18).
- (3) To add business purposes in pursuit of a resilient structure which will be able to adapt with strength and flexibility to any environmental changes and to prepare for future business development towards the achievement of the Company's vision for 2030 and its medium-term business plan for FY2020-2022. To remove existing duplicate business purposes (new Article 2).
- (4) To create provisions relating to substitute Audit & Supervisory Board Members, to create the effective period for resolutions to appoint substitute Audit & Supervisory Board Members, and to create provisions for purposes of clarifying the term of office in the event that such substitute Audit & Supervisory Board Members assume office (new Article 31), for the purpose of preparing for circumstances in which the number of Audit & Supervisory Board Members falls below the number required by law and to secure necessary human resources.

2. The Particulars of the Proposed Amendment

The particulars of the proposed amendment are as follows:

(The underlined parts show the portions to be amended.)

Current Articles of Incorporation	Proposed Changes
(Purposes) Article 2 The purposes of this company shall be to engage in the following businesses: (1)-(3) (Text omitted) (4) Manufacture of medicine, agricultural chemicals, <u>agricultural materials</u> , and other chemicals; (5) Development, manufacture, and sale of <u>electronic materials</u> ; (Newly added) (Newly added) (Newly added)	(Purposes) Article 2 (Unchanged) (1)-(3) (Unchanged) (4) Manufacture of medicine, agricultural chemicals, <u>materials for agriculture, forestry, animal husbandry, and fishery</u> , and other chemicals; (5) Development, manufacture, and sale of <u>functional electronic materials and battery materials</u> ; <u>(6) Development, manufacture, sale, and lease of transportation equipment, including automobiles and related information and telecommunications technology and services;</u> <u>(7) Research, development, manufacture, and sale of biofuel and next-generation fuels;</u> <u>(8) Research, development, manufacture, and sale of power generation equipment and related consulting services;</u>

Current Articles of Incorporation	Proposed Changes
<u>(6) Export, import, sale, and storage of all kinds of products relating to any of the foregoing and construction related thereto;</u>	<u>(9) (Unchanged)</u>
<u>(7) Manufacture, processing, sale, purchase, transportation, export and import of the following products:</u>	(Deleted)
<u>a. Petrochemical products, including ethylene, propylene, benzene and toluene, synthetic resins, synthetic resins processed products and chemicals;</u>	
<u>b. Fertilizer, fodder, fodder additives, food and food additives;</u>	
<u>c. Various materials for construction, building, and housing;</u>	
<u>d. Various materials for agriculture, forestry, animal husbandry, and fishery; and</u>	
<u>e. Various materials used for logistics including loading, transportation, and packing;</u>	
<u>(8) Engineering, construction, manufacture, sale, and purchase of equipment and facilities used for the chemical industry and environmental protection;</u>	(Deleted)
<u>(9) Manufacture, sale, purchase, and lease of synthetic resins processing machines;</u>	(Deleted)
<u>(10) Provision of technology relating to the above;</u>	(Deleted)
(Newly added)	<u>(10) Business using biomass, including forestation and forest thinning;</u>
(11)-(18) (Text omitted)	(11)-(18) (Unchanged)
(Number of Directors)	(Number of Directors)
Article 18 The number of directors of this company shall not be more than <u>twenty (20)</u> .	Article 18 The number of directors of this company shall not be more than <u>fifteen (15)</u> .
(Newly added)	<u>(Executive officers)</u>
	<u>Article 22 The board may appoint one (1) Chief Executive Officer and/or several Executive Vice Presidents, Senior Managing Executive Officers, Managing Executive Officers, Senior Executive Officers, and other titled executive officers.</u>
Articles <u>22-29</u> (Text omitted)	Articles <u>23-30</u> (Text omitted)
(Term of Office)	(Term of Office)
Article <u>30</u> (Text omitted)	Article <u>31</u> (Text omitted)
2 The term of office of an Audit & Supervisory Board Member (hereinafter "ASB Member") appointed to fill the vacancy of an ASB Member who has retired from office prior to the expiration of his or her term of office shall be up to the time	2 The term of office of an Audit & Supervisory Board Member (hereinafter "ASB Member") appointed to fill the vacancy of an ASB Member who has retired from office prior to the expiration of his or her term of office shall be up to the time

Current Articles of Incorporation	Proposed Changes
<p>of expiration of the term of office of the retiring ASB Member.</p> <p>(Newly added)</p> <p>(Newly added)</p>	<p>of expiration of the term of office of the retiring ASB Member.</p> <p><u>Notwithstanding the foregoing, in the event a substitute ASB Member is appointed pursuant to the next paragraph, such substitute ASB Member's term shall not go beyond the annual general shareholders' meeting in the last of the fiscal years ending within a 4-year period after appointment</u></p> <p><u>3 This company may appoint a substitute ASB Member at its shareholders' meeting pursuant to Article 329 Paragraph 3 of the Companies Act to prepare for circumstances in which the number of ASB Members falls below the number required by law.</u></p> <p><u>4 The resolution relating to substitute ASB Members set forth in the previous paragraph shall remain in effect until the annual general shareholders' meeting in the last of the fiscal years ending within a 4-year period.</u></p>

Proposition No. 2: Reduction of Legal Capital Surplus and Reclassification to Other Capital Surplus

1. Objectives of the Reduction and the Reclassification

The Company plans to reduce its legal capital surplus and to reclassify the reduced amount to other capital surplus pursuant to Article 448, Paragraph 1 of the Companies Act in order to enhance the flexibility of its future capital policies.

2. Overview of the Reduction and the Reclassification

(1) The entire reduced amount of legal capital surplus

The legal capital surplus will be reduced by 416,000,000,000 yen, and the entire reduced amount will be reclassified as other capital surplus. As a result, the legal capital surplus will decrease from 458,105,285,625 yen to 42,105,285,625 yen.

(2) Effective date of the reduction of the legal capital surplus

August 31, 2021










































Proposition No. 3: 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			8	16/16
2	Reelection	Takashi Matsushita	Representative Director, Executive Vice President Assistant to Chief Executive Officer in charge of Manufacturing & Technology, Petrochemicals, Functional Materials, Intellectual Property/Research, and Vietnam Project			8	16/16
3	Reelection	Susumu Nibuya	Representative Director, Executive Vice President Assistant to Chief Executive Officer in charge of Resources, Corporate Planning, External Affairs and Public Relations, ESG, Digital Transformation, and Special Missions			1	16/16
4	Reelection	Atsuhiko Hirano	Director, Managing Executive Officer Assistant to Chief Executive Officer in charge of Petroleum Business and Energy Solution Business			1	16/16
5	New election	Noriaki Sakai	Senior Executive Officer Chief Financial Officer (Accounting Department and Finance Department)			-	-
6	Reelection	Masakazu Idemitsu	Director (part-time)			2	16/16
7	Reelection	Kazunari Kubohara	Director (part-time)			2	16/16
8	Reelection	Takeo Kikkawa	Outside	Independent	Director	4	16/16
9	Reelection	Mitsunobu Koshiha	Outside	Independent	Director	2	16/16
10	New election	Yumiko Noda	Outside	Independent	-	-	-
11	New election	Maki Kado	Outside	Independent	-	-	-


* Ratio of Outside Directors: 36%


Areas to which the Company particularly expects Director candidates to contribute								
Corporate philosophy/business strategy	Governance/legal affairs	Finance/accounting/tax	International business/diversity	Digital transformation/technology	Environment/society/resource circulation/regional revitalization/energy policies	Human resources development	Marketing/sales/retail marketing	Manufacturing/supply
								
								
								
								
								
								
								
								
								
								
								


 indicates areas to which the Company particularly expects the relevant Director to contribute and does not represent all of his/her knowledge and experience.


Candidate No. 1	For reelection	Shunichi Kito (April 6, 1956)	
 <p>Number of shares of the Company held 26,215 shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director
	April 1980	Joined the Company	<p>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 2030 fiscal year. Thus, management has judged that he will be able to execute business of the Group properly, fairly and effectively.</p>
	April 2005	Deputy General Manager of Human Resource Department	
	July 2008	Deputy General Manager of Accounting Department	
	June 2011	Executive Officer and General Manager of Accounting Department	
	June 2013	Director, Managing Executive Officer and General Manager of Accounting Department	
	June 2014	Managing Director	
	June 2017	Executive Vice President and Director	
	April 2018	Representative Director & Chief Executive Officer	
	April 2019	Representative Director President, President and Chief Executive Officer (to date)	

Candidate No. 2	For reelection	Takashi Matsushita (July 9, 1956)	
 Number of shares of the Company held 26,398 shares	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director
	April 1979	Joined the Company	Mr. Takashi Matsushita has worked as the top manager in the manufacturing division and technology division. He has accumulated wide experience, knowledge, and expertise. He has been responsible for the overall management as the Executive Vice President and Representative Director; promoted restructuring in the fields of manufacturing and technology both inside and outside Japan and delivered solid results. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.
	Oct. 2004	Deputy General Manager of Hokkaido Refinery	
	April 2007	Deputy General Manager of Manufacturing Department	
	April 2010	Executive Officer and General Manager of Tokuyama Refinery and General Manager of Tokuyama Plant	
	April 2013	Executive Officer and General Manager of Manufacturing & Technology Department	
	June 2013	Director, Managing Executive Officer and General Manager of Manufacturing & Technology Department	
	June 2014	Managing Director	
	June 2017	Executive Vice President and Director	
	April 2018	Executive Vice President and Representative Director	
	April 2019	Director, and Executive Vice President and Executive Officer (to date)	
	May 2020	President, The Japan Petroleum Institute (to date)	
	June 2020	Representative Director, and Executive Vice President (to date)	
	Current duties:	Assistant to Chief Executive Officer in charge of Manufacturing & Technology, Petrochemicals, Functional Materials, Intellectual Property/Research, and Vietnam Project	

Candidate No. 3	For reelection	Susumu Nibuya (November 22, 1959)	
 <p>Number of shares of the Company held 20,161 shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director
	April 1982	Joined the Company	
	June 2008	Managing Director, Idemitsu Engineering Co., Ltd.	
	April 2011	General Manager, Internal Audit Office	
	April 2013	Executive Officer and General Manager, Corporate Planning Department	
	June 2015	Director and General Manager, Corporate Planning Department	
	June 2017	Managing Director	
	April 2019	Executive Vice President and Executive Officer	
	June 2020	Representative Director, and Executive Vice President (to date)	
	Current duties:	Assistant to Chief Executive Officer in charge of Resources, Corporate Planning, External Affairs and Public Relations, ESG, Digital Transformation, and Special Missions	


Candidate No. 4	For reelection	Atsuhiko Hirano (August 25, 1962)	
 <p>Number of shares of the Company held 2,786 shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director
	April 1985	Joined Showa Shell	<p>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 Managing Executive Officer; promoted restructuring the energy 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>
	Sept. 2002	Shizuoka Area Manager, Showa Shell Sekiyu K.K. (“Show Shell”)	
	Sept. 2004	General Manager, Marketing Planning Division, Head Office, Showa Shell	
	March 2005	Executive Officer and General Manager, Marketing Planning Division, Head Office, concurrently serving as General Manager, Retail Sales Division, Showa Shell	
	March 2006	Director, Showa Shell	
	March 2009	Corporate Executive Officer, Showa Shell	
	March 2013	Senior Corporate Executive Officer, Showa Shell	
	July 2014	President & CEO, Solar Frontier K.K.	
	April 2019	Managing Executive Officer of the Company	
	June 2020	Director and Managing Executive Officer (to date)	
	Current duties:	Assistant to Chief Executive Officer in charge of Petroleum Business and Energy Solution Business	


Candidate No. 5	For new election	Noriaki Sakai (April 8, 1961)	
 <p>Number of shares of the Company held 11,670 shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director 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 Chief Financial Officer, 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.
	April 1985	Joined the Company	
	July 2010	Deputy General Manager of Tokuyama Refinery and Deputy General Manager of Tokuyama Plant	
	July 2012	Deputy General Manager of Human Resource Department, Health Insurance Union President and Corporate Pension Fund President	
	July 2015	Deputy General Manager of Accounting Department	
	June 2017	General Manager of Accounting Department	
	July 2018	Executive Officer and General Manager of Accounting Department	
	April 2019	Executive Officer and General Manager of Finance Department	
	July 2020	Senior Executive Officer Chief Financial Officer (to date)	
	Current duties:	Chief Financial Officer (Accounting Department and Finance Department)	

Candidate No. 6	For reelection	Masakazu Idemitsu (October 15, 1968)	
 Number of shares of the Company held 3,411,900 shares	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director
	April 2010	Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts (to date)	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.
	Dec. 2015	Councilor, Public Interest Incorporated Foundation Idemitsu Culture and Welfare Foundation Director and Vice President, Nissho Kosan Co., Ltd. ("Nissho Kosan")	
	April 2016	Representative Director and President, Nissho Kosan (to date)	
	April 2019	Director (to date) Representative Director, Showa Kosan K.K. (to date)	
	Oct. 2020	Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory (to date)	
	April 2021	Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (to date)	

Candidate No. 7	For reelection	Kazunari Kubohara (July 16, 1967)	
 <p>Number of shares of the Company held - shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director
	Dec. 2008	Registered as an attorney, established Kyuhodo Law Firm	
	April 2010	Committee Member, Tokyo Local Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications	
	April 2011	Delegate, Dai-Ichi Tokyo Bar Association	
	Sep. 2015	Auditor, General Incorporated Association for Realizing Prescription of Adequate Amount of Anti-Dementia Drugs	
	June 2016	Outside Statutory Auditor, Class Technology Co., Ltd.	
	July 2017	Auditor, Medical Corporation Hakueikai Miyake Dental Clinic (to date)	
	March 2018	Delegate, Japan Federation of Bar Associations	
	April 2018	Vice Chairperson of the Legal Services Obstruction Countermeasures Committee, Dai-Ichi Tokyo Bar Association	
	April 2019	Director (to date)	

Candidate No. 8	For reelection	Takeo Kikkawa (August 24, 1951)	
 <p>Number of shares of the Company held - shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director
	April 1987	Assistant Professor, Aoyama Gakuin University School of Business	Mr. Takeo Kikkawa 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 has long experience and wide knowledge as a university professor, has full knowledge about corporate management as an expert in business administration studies and especially in energy industry theory, 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.
	Oct. 1993	Assistant Professor, Institute of Social Science, University of Tokyo	
	April 1996	Professor, Institute of Social Science, University of Tokyo	
	April 2007	Professor, Hitotsubashi University Graduate School of Commerce and Management	
	Jan. 2013	President, Business History Society of Japan	
	June 2013	Outside Director, Mitsubishi Chemical Holdings Corporation	
	April 2015	Professor, Graduate School of Innovation Studies, Tokyo University of Science (currently, Graduate School of Management, Tokyo University of Science)	
	June 2017	Director (to date)	
	April 2020	Professor, Graduate School of International Management, International University of Japan	Business relationship between the candidate and the Company
	April 2021	Vice President, and Professor, Graduate School of International Management, International University of Japan (to date)	The Company invited him to deliver a lecture at a workshop. However, his compensation was extremely low (200,000 yen in fiscal year 2020).

Candidate No. 9	For reelection	Mitsunobu Koshiba (November 9, 1955)	
 <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>Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p>Mr. Mitsunobu Koshiba has long been engaged in research and electronic materials business at JSR, served as the General Manager of Electronic Materials Division, and has worked as the Representative Director and President, and Chairman of JSR since 2009. Management has judged that Mr. Mitsunobu Koshiba will be able to perform his duties as an Outside Director properly as he has expertise in the technology area as well as long experience and wide knowledge as a business manager, 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 has business relationships with JSR in relation to the transaction of chemicals such as ethylene, styrene monomer, and butadiene, lubricants, and coal; however, the trading volume is an insignificant percentage of the Company’s consolidated sales, namely, approximately 2.7 billion yen for fiscal year 2020, which comprises 0.06% of the Company’s consolidated sales.</p>
	Oct. 1981	Joined Japan Synthetic Rubber Co., Ltd. (currently, JSR Corporation)	
	June 2002	Officer and General Manager of Electronic Materials Department I, Electronic Materials Division, JSR Corporation (“JSR”)	
	June 2003	Officer, General Manager of Electronic Materials Division, and General Manager of Electronic Materials Department, JSR	
	June 2004	Director, General Manager of Electronic Materials Division, JSR	
	June 2005	Senior Officer, General Manager of Electronic Materials Division and Assistant in charge of Fine Chemicals Business, JSR	
	June 2006	Managing Director, General Manager of Electronic Materials Division, JSR	
	June 2007	Managing Director, JSR	
	June 2008	Senior Managing Director, JSR	
	April 2009	Representative Director and President, JSR	
	June 2019	Representative Director and Chairman, JSR Director of the Company (to date)	
	June 2020	Director and Chairman, JSR (to date)	
	March 2021	Outside Director, A Holdings Corporation (to date)	
	June 2021	Honorary Chairman, JSR (scheduled)	

Candidate No. 10	For new election	Yumiko Noda (January 26, 1960)	
 <p>Number of shares of the Company held - shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director
	<p>April 1982</p> <p>March 1996</p> <p>Jan. 2000</p> <p>June 2007</p> <p>Jan. 2011</p> <p>Oct. 2017</p> <p>April 2019</p> <p>June 2020</p>	<p>Joined Tokyo Branch, Bank of America Corporation</p> <p>Deputy General Manager, London Branch, the Long-Term Credit Bank of Japan Ltd. (Head of Structured Finance)</p> <p>Partner, Head of PPP (Public Private Partnership) and Privatization, PwC Financial Advisory Service Co., Ltd. (currently, PwC Advisory LLC) (“PwC”)</p> <p>Deputy Mayor, Yokohama City</p> <p>Partner, Head of PPP and Infrastructure Asia Pacific, PwC</p> <p>President and Representative Director, Veolia Japan K.K. (“Veolia”)</p> <p>Chairman, Administrative Reform Committee, Japan Association of Corporate Vice Chairs of the Board of Councilors and Chair of Committee on Environment and Safety, Japan Business Federation (to date)</p> <p>Chairman and Representative Director, Veolia (to date)</p>	<p>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>Business relationship between the candidate and the Company</p> <p>There is no business relationship between the candidate and the Company.</p>

Candidate No. 11	For new election	Maki Kado (February 16, 1969)	
 <p>Number of shares of the Company held - shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director
	April 1992	Joined NEC Corporation	<p>Ms. Maki Kado has been engaged in system development and marketing inside and outside of Japan, has served as a Representative Director and President of Coca-Cola Business Sourcing Co., Ltd., etc., and assumed the position of Executive Officer of Coca-Cola Bottlers Japan in 2017. Management has judged that 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 and DX, 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>Business relationship between the candidate and the Company</p> <p>The Company has business relationships with Coca-Cola Bottlers Japan Holdings in relation to the transaction of vending machine fees, etc. However, the trading volume is extremely small, namely, approximately 2.73 million yen for fiscal year 2020.</p>
	April 1996	Joined United Feature Syndicate Inc. Japan Branch	
	May 2000	Joined Microsoft Product Development Inc. (currently, Microsoft Japan Co., Ltd.)	
	April 2004	Joined Microsoft Corporation Inc. (US) Headquarters	
	July 2013	General Manager of Purchasing, salesforce.com Co., Ltd.	
	April 2014	Business Manager, Coca-Cola East Japan Co., Ltd.	
	Dec. 2014	Director, Coca-Cola Business Services Company, Limited (“Coca-Cola Business Service”)	
	Jan. 2015	Operating Committee member (Officer), Coca-Cola Cross Enterprise Procurement Group (to date)	
	March 2015	Representative Director and President, Coca-Cola Business Service	
	August 2015	Representative Director and President, Coca-Cola Business Sourcing Co., Ltd.	
	June 2016	Budget Committee Chair (Chief Financial Officer), Coca-Cola Cross Enterprise Procurement Group (to date)	
	April 2017	Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan Inc. (“Coca-Cola Bottlers Japan”)	
	Feb. 2019	Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan	
	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 (to date)	
	April 2020	Executive Officer, Executive Business Manager, Coca-Cola Bottlers Japan Holdings Inc. (“Coca-Cola Bottlers Japan Holdings”)	

- (Notes) 1. Mr. Masakazu Idemitsu is Representative Director and President of Nissho Kosan, which is the biggest shareholder of the Company. The Company conducts real estate lease transactions with Nissho Kosan, and the terms of which have been determined based on the market rate of the adjacent areas, and the transaction amount of which is approximately 200 million yen per annum. In addition, he is the Representative Director of the General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (the “Association”). The Company outsources business relating to corporate history and philosophy to the Association, the transaction amount of which is approximately 21 million yen per annum.
- There is no special relationship between any candidate for Directors except Mr. Masakazu Idemitsu and the Company.
2. Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiba, Ms. Yumiko Noda, and Ms. Maki Kado 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, and Mr. Mitsunobu Koshiba 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, and Mr. Mitsunobu Koshiba is approved, the Company plans to continue each agreement. In addition, if Ms. Yumiko Noda and Ms. Maki Kado are elected as Directors, the Company plans to enter into similar agreements with each of them in order to limit its 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 and Mr. Mitsunobu Koshiba as independent officers with the Tokyo Stock Exchange in accordance with its rules. In addition, Ms. Yumiko Noda and Ms. Maki Kado satisfy the requirements for independent officers of the Tokyo Stock Exchange, and the Company plans to register them as independent officers 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.

Proposition No. 4: Election of one (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Kenji Takahashi will resign at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that one (1) new Audit & Supervisory Board Member be elected.

Audit & Supervisory Board has consented to this proposition.

The candidate for Audit & Supervisory Board Member is as follows:

New election	Tsutomu Yoshioka (February 28, 1962)		
 <p>Number of shares of the Company held 8,064 shares</p>	Brief history and position and duties in the Company (and important concurrent office)	Reason for nomination as candidate for Audit & Supervisory Board Member	
	April 1984	Joined Showa Shell Sekiyu K.K.	Mr. Tsutomu Yoshioka has worked as the Executive Officer and Audit & Supervisory Board Member in Showa Shell Sekiyu K.K., and has been a Senior Executive Officer of the Company since April 2019. He is familiar with the Company’s business and its issues. Thus, management has judged that he will be able to carry out supervision and auditing of the Company properly, fairly, and effectively.
	Sep. 2002	General Manager of Hokkaido Branch Office, Showa Shell Sekiyu K.K.	
	April 2005	Representative Director, President, Shoseki Gas K.K.	
	July 2008	Representative Director, President, Enessance Holdings Co., Ltd.	
	March 2011	Executive Officer in charge of Accounting, Finance, and Credit Management, Showa Shell Sekiyu K.K.	
	April. 2015	Executive Officer and General Manager of Petroleum Business Division Metropolitan Area Branch, Showa Shell Sekiyu K.K.	
	March 20017	Audit & Supervisory Board Member, Showa Shell Sekiyu K.K.	
	April 2019	Senior Executive Officer of the Company (to date)	
	Current duties	In charge of Information Systems, General Affairs, Credit and Financial Risk Management and Internal Control Promotion	

- (Notes)
1. There is no special relationship between the candidate for Audit & Supervisory Board Member and the Company.
 2. The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board Members with an insurance company pursuant to the provision of

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 (including the Audit & Supervisory Board Members 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 Mr. Tsutomu Yoshioka is elected and assumes office as an Audit & Supervisory Board Member, he will be insured under said insurance contract. Said insurance contract will be renewed with the same contents upon the next renewal.

3. The number of shares of the Company held by the candidate for Audit & Supervisory Board Member includes his interests in the Idemitsu Officer Stockholders Committee.

Proposition No. 5: Election of one (1) Substitute Audit & Supervisory Board Member

In order to prepare for situations where there is a deficiency in the number of Audit & Supervisory Board members, it is hereby proposed that one (1) Substitute Outside Audit & Supervisory Board Member be elected.

The Audit & Supervisory Board has consented to this proposition.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Junko Kai (September 29, 1967)		
 <p>Number of shares of the Company held - shares</p>	Brief history and position and duties in the Company (and important concurrent office)	Reason for nomination as candidate for Substitute Outside Audit & Supervisory Board Member
	April 1992 Registered as attorney at law (Daini Tokyo Bar Association)	Ms. Junko Kai has not engaged in corporate management. However, management has judged that she will be able to perform her duties as an Outside Audit & Supervisory Board Member properly as she has extensive experience as an attorney-at-law and extensive knowledge of corporate management as an expert in corporate legal affairs, and she satisfies the “Requirements for Independence of Outside Officers” of the Company.
	June 2006 Committee Member, Disciplinary Enforcement Committee, Daini Tokyo Bar Association	
	March 2007 Lecturer of Criminal Defense, Legal Training and Research Institute	
	April 2010 Tokyo Family Court Conciliation Committee Member (to date)	
	July 2010 Reserve Committee Member, Disciplinary Committee, The Japanese Institute of Certified Public Accountants	Business relationship between the candidate and the Company
	Oct. 2010 Bar Examiner (Code of Criminal Procedure) Examiner for the Preliminary Bar Examination (Code of Criminal Procedure)	
	June 2014 Committee Member, Pension Special Account Public Procurement Committee, Ministry of Health, Labour and Welfare (to date)	
	Oct. 2015 Special Committee Member, Central Committee for Adjustment of Construction Work Disputes, Ministry of Land, Infrastructure, Transport and Tourism (to date)	There is no business relationship between the candidate and the Company.

	Feb. 2016	Committee Member, Disciplinary Committee, Daini Tokyo Bar Association	
	June 2019	Outside Director, Narita International Airport Corporation (to date)	

- (Notes)
1. There is no special relationship between the candidate for Substitute Audit & Supervisory Board Member and the Company.
 2. Ms. Junko Kai is a candidate for Substitute Outside Audit & Supervisory Board Member.
 3. Under Article 427, Paragraph 1 of the Companies Act of Japan, the Company is scheduled to enter into an agreement with Ms. Junko Kai to limit the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act of Japan if she is appointed as the Outside Audit & Supervisory Board Member of the Company. Under the agreement, the liability shall be limited to the amount provided for under law.
 4. The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board Members with an insurance company pursuant to the provision of 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 (including the Audit & Supervisory Board Members 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 Ms. Junko Kai assumes office as an Outside Audit & Supervisory Board Member, she will be insured under said insurance contract. Said insurance contract will be renewed with the same contents upon the next renewal.
 5. Ms. Junko Kai has satisfied the requirements for independent officers under the rules of the Tokyo Stock Exchange, and if she is appointed as the Outside Audit & Supervisory Board Member of the Company, the Company plans to register her as an independent officer with the Tokyo Stock Exchange.

(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.

End

(Attached document)

BUSINESS REPORT

(April 1, 2020 to March 31, 2021)

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

(1) Business activities for the fiscal year under review:

(i) General economic conditions and environment surrounding the Group:







The Japanese economy in the current consolidated fiscal year slowed significantly in the first quarter, due to the issuance of a state of emergency caused by the spread of COVID-19. Economic activities resumed afterward, and the economy continued to recover gradually until autumn, but it stagnated after the beginning of 2021 due to a resurgence in the spread of COVID-19.

Domestic petroleum products sales volume fell below the previous year’s level overall due to a significant decrease in jet fuel demand caused by suspension and reduction of flights, and due to a decrease in gasoline demand caused by the effects of refraining from going out.

Dubai crude oil prices plummeted in the early spring due to the collapse of the so-called OPEC-plus alliance’s production cut talks and the spread of COVID-19, but returned to a recovery trend owing to the resumption of economic activities in major countries and the resumption of cooperative production cuts by the OPEC-plus alliance. After June 2020, the price largely hovered around \$40/bbl. Since November, Dubai crude oil prices have been on an upward trend owing to expectations for widespread use of COVID-19 vaccines and for a recovery in the US economy, and due to the production cut agreement by the OPEC-plus alliance. Consequently, the average price of Dubai crude oil was \$44.5/bbl, a decrease of \$15.8/bbl against the previous fiscal year.

The yen’s exchange rate against the US dollar generally ranged from ¥105 to ¥108 in the first half of the fiscal year. Thereafter, the yen appreciated to the ¥102 level due to an increase in the number of people infected with COVID-19 around the world. Since February 2021, the dollar has been strong against the backdrop of rising long-term interest rates owing to expectations for the normalization of the US economy, and the yen temporarily fell to the ¥110 level toward the end of the fiscal year. Consequently, the average rate fell by ¥2.6/\$ from the previous fiscal year to ¥106.1/\$.

(ii) Operating results:

	Net sales	Operating income	Net income attributable to owners of the parent
Year ending March 2020 (105th year)	6,045.9 billion yen	-3.9 billion yen	- 22.9 billion yen
	 -24.6%	 +143.9 billion yen	 +57.9 billion yen
Year ending March 2021 (106th year)	 4,556.6 billion yen	 140.1 billion yen	 34.9 billion yen

(iii) Progress and results of business:

Petroleum segment	Net sales	3,593.4	billion yen (-25.5% YoY)
	Segment income	102.1	billion yen (+211.5 billion yen YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

Under the social mission of sustaining Japan's energy security, the Company strived to strengthen the competitiveness of its domestic supply chain, while also being committed to establishing overseas business in order to realize sustainable growth.

In domestic manufacturing and supply, the Company worked on creating synergies by strengthening the network alignment among its refineries and complexes; optimizing its facilities and operations; enhancing the reliability of its refineries by means of advanced technologies such as AI and IoT; and making logistics more efficient. Amid severe fluctuations in demand due to the COVID-19 pandemic, the Company worked to ensure a stable supply of petroleum products by flexibly responding to supply and demand, such as adjusting the operation of refineries and importing and exporting products.

In domestic marketing and sales, the Company has defined its service stations (SSs) as customers' life partners to support each customer's daily life and mobility. Based on such concept of SSs as being indispensable for local communities, the Company strived to construct new business models. For example, it launched Raku-Raku Lease Auto Flat, which combines the advantages of car leasing products for individuals that had been developed at Apollo SS and Shell SS, expanded the reservation management system PIT in plus/SEIBIS, and set up demonstration business units for a washing agency service WASH TERRACE and a facility with an EV charging cafe Park & Charge. In addition, the Company is accelerating new initiatives such as the establishment of Idemitsu Tajima EV Co., Ltd., which handles next-generation mobility services, and the acquisition of shares of QLC Produce Corporation, which is working to create a system that comprehensively cooperates and supports the nursing care business.

Regarding business efforts in overseas markets, the Company worked to ensure stable operation of the Nghi Son Refinery in Vietnam. The Company also took steps to enhance its overseas business hubs centering on IDEMITSU INTERNATIONAL (ASIA) PTE. LTD., a subsidiary in Singapore, making efforts to strengthen its marketing and sales networks in the Asia Pacific Rim region and other overseas growth markets.

Consequently, sales in the petroleum products segment were ¥3,593.4 billion, down 25.5% from the previous fiscal year, due to the decline in crude oil prices and a decrease in sales volume in the first half caused by the spread of COVID-19. Segment income was ¥102.1 billion, an increase of ¥211.5 billion from the previous fiscal year, because factors contributing to increased profit such as the absence of the previous fiscal year's negative effect from inventory valuation, which had been a significant loss in the previous fiscal year, and the improvement of refining margins generated by a time lag associated with rising crude oil prices, were more than offset by factors negative to profit mainly consisting of the increased equity in losses and a decrease in sales volume. Gain from inventory valuation included in operating income was ¥7.5 billion.



Commencement of sales of “Raku-Raku Lease Auto Flat”
(Changed name to “Auto Flat” in April 2021)



Ultra small EV concept model being developed by Idemitsu Tajima EV

Basic chemicals segment	Net sales	329	billion yen (-28.3% YoY)
	Segment income	3.4	billion yen (-71.5% YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

In the basic chemicals business, the Company made efforts to further reinforce its revenue base. As part of such efforts, the high-efficiency-type naphtha cracking furnace was renewed in the Tokuyama Complex, which will enable the complex to achieve energy savings of about 30% compared with the conventional type. Moreover, a companywide cross-segment working group was formed and started to discuss measures for a circular economy, including chemical recycling.

Consequently, net sales in the basic chemicals segment were ¥329.0 billion, down 28.3% from the previous fiscal year, due to decreases in naphtha prices on a customs clearance basis. Segment income was ¥3.4 billion, down 71.5% from the previous fiscal year, mainly due to factors such as a decline in paraxylene product margins.

Functional materials segment	Net sales	332.6	billion yen (-15.6% YoY)
	Segment income	13	billion yen (-54.3% YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

(a) Lubricants business

To expand sales globally, the Company worked to further expand overseas and promote product development that can contribute to energy saving and resource saving. In overseas expansion, the Company opened a second manufacturing plant in China and started commercial operation. In addition, the Company has newly developed water-soluble processing oils as products complying with the new engine oil standard (GF-6) and having environmentally friendly high-performance.

(b) Performance chemicals business

On the strength of its own technologies, the Company strived to expand high-performance materials such as automobiles, engineering plastics for information and communication, daily necessities, and intermediates for durable consumer goods. In the engineering plastics business, the Company decided to construct a second SPS (syndiotactic polystyrene) manufacturing equipment in Malaysia, in order to double the current production capacity for SPS resin, which the Company boasts as its unique technology. In the adhesive materials business, production equipment to manufacture hydrogenated petroleum resin (Product name: I-MARV®), jointly constructed by Formosa Petrochemical Corporation (FPCC) of Taiwan and the Company, was completed, and its commercial production started in the fiscal year under review.

(c) Electronic materials business

The electronic materials business evolved around OLED materials and oxide semiconductors. The Company also worked on new business development and new use application development. The Company's OLED materials manufacturing plant in Chengdu, Sichuan Province, China, whose construction started in 2018, commenced commercial operation. This manufacturing base will become the Company's third OLED materials manufacturing base, following one in Japan and another in Korea, and the Japan

China Korea tri polar structure has been established. With the start of production in this manufacturing base, the combined annual production capacity of the three manufacturing bases will be 22 tons.

(d) Functional paving materials business (High functional asphalt business)

Despite the business environment affected by the COVID-19 pandemic, domestic asphalt demand remained strong. The Company strived for a stable supply for infrastructure development and worked on product development based on the needs of the ordering party, and technological development to realize carbon neutrality in collaboration with other business segments. In its overseas business, the Company has started preparations for the establishment of a high-performance asphalt manufacturing and sales company in Southeast Asia.

(e) Agricultural biotechnology products business

In order to contribute to making the world's agricultural production and livestock raising more efficient, the Company strived to develop and market biological agrochemicals/stock-raising materials derived from natural products. New agent development for biological agrochemicals has been advancing in cooperation with SDS Biotech K.K. The Company has started selling one biological control agent that uses natural enemy insects. In the livestock field, the Company has started selling one livestock material in the US.

(f) Solid electrolytes for all-solid-state lithium-ion batteries business

Using lithium sulfide, for which the Company has its own manufacturing technologies, as a raw material, the Company conducted R&D on solid electrolytes, which are the key materials for the next-generation all-solid lithium ion rechargeable battery, and proceeded with efforts toward commercialization. The Company is constructing small mass production facilities at the Chiba Complex to realize early commercialization. The construction will be completed and the operation will start in the first half of FY2021.

Consequently, net sales in the functional materials segments were ¥332.6 billion, down 15.6% from the previous fiscal year. Segment income was ¥13.0 billion, down 54.3% from the previous fiscal year, mainly due to a decrease in sales volume in the lubricants business and a decrease in margin due to unfavorable conditions in the polycarbonate market.



Second lubricants manufacturing plant in China started commercial operation



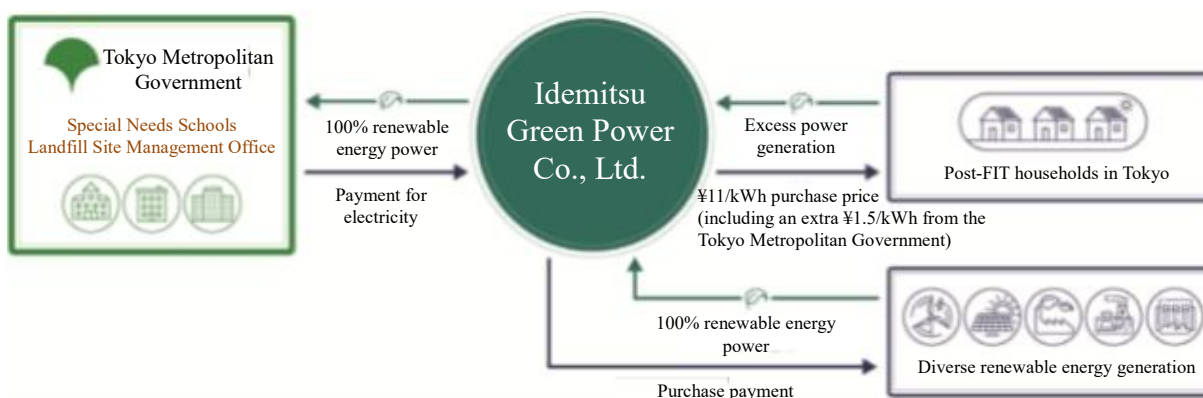
Promote R&D on solid electrolytes, which are the key materials for the next-generation all-solid lithium ion rechargeable batteries

Power and renewable energy segment	Net sales	123.7	billion yen (-3.1% YoY)
	Segment income	-17.3	billion yen (-16.8 billion yen YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

Efforts were made under the three basic policies of “maintenance and expansion of underling businesses,” “promotion of renewable energy sources development at home and abroad” and “verification and development of solution businesses.” As for the first basic policy, Idemitsu Green Power Co., Ltd., a wholly-owned subsidiary of the Company, was selected as the first supplier of the “Tocho Electric Power Plan” implemented by Tokyo Metropolitan Government, and proceeded with initiatives such as supplying 100% renewable energy power, including FIT power generated from Tokyo, to Tokyo-owned facilities. As for the second basic policy, the Company took steady steps forward. For example, construction for three solar power projects in the USA has been completed. As for the third basic policy, the Company is developing new services in preparation for the spread of electric vehicles in the future.

Consequently, net sales of the power and renewable energy segment were ¥123.7 billion, down 3.1% from the previous fiscal year. Segment loss was ¥17.3 billion, an increase of ¥16.8 billion from the previous fiscal year, mainly due to an increase in procurement costs caused by soaring electricity markets, a decrease in sales volume in the solar business, and a decline in unit sales prices.



Idemitsu Green Power supplies 100% renewable energy power to Tokyo-owned facilities

Resources segment	Net sales	172	billion yen (-28.9% YoY)
	Segment income	4.7	billion yen (-88.7% YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

(Oil/natural gas exploration and production and geothermal energy business)

In oil/natural gas exploration and production, in Europe, the Company ensured stable production at the existing active oil field in the northern North Sea basin, off the coast of Norway and worked on oilfield development in the northern North Sea basin and the Barents Sea basin, where the Company succeeded in exploration. At the Snorre Field, additional production has started as a result of the project to further develop the oilfield. Considering the long-term business strategy of the Norwegian business and the reduction of development costs, the Company transferred part of the interests in the Barents Sea block. Meanwhile, in an offshore mine site project off the coast of Southern Vietnam, the Company has been continuously engaged in natural gas development as its operator and started production in November 2020.

In the geothermal energy business, while ensuring the safe operation of the existing power plant, the Company progressively discussed development of new geothermal energy business in Oyasu, Yuzawa City, Akita Prefecture and other regions in Japan, as well as branching out overseas.

Net sales of the oil and natural gas exploration and production business and the geothermal energy business were ¥32.9 billion, down 32.6% from the previous fiscal year, mainly due to the decline in crude oil prices. Segment income was ¥6.8 billion, down 62.0% from the previous fiscal year.

(Coal business and others)

In order to strengthen competitiveness in the existing mines in Australia and Indonesia, the Company started a trial production to introduce new technologies, such as remote automatic coal mining, with the aims of ensuring sound management and coping with environmental changes in the future. Moreover, the Company progressively provided low-carbon solutions through the development of black pellets (biomass fuel) and the marketing of its optimization system to control coal boilers, while also having taken steps forward, such as a feasibility study on a mining resources-using solar power system and another study on a pumped-storage hydroelectric power system, in order to reduce environmental burdens and contribute to local communities.

Net sales of the coal business and others were ¥139.0 billion, down 27.9% from the previous fiscal year. Segment loss was ¥2.0 billion, a decrease in profit of ¥26.0 billion from the previous fiscal year, due to the fall in coal prices.

As a result, total net sales of the resources segment were ¥172.0 billion, down 28.9% from the previous fiscal year, and segment income was ¥4.7 billion, down 88.7% from the previous fiscal year.



Black pellets, a biomass fuel that can be co-fired with coal at coal-fired power stations to reduce CO₂ emissions



Implemented test cultivation of “sorghum,” a potential raw material of black pellets.

(iv) Overview concerning financial position:

Summary of consolidated balance sheet

(Unit: ¥Billion)

	FY ending March 2020	FY ending March 2021	Change
Current assets	1,550.3	1,665.5	+115.2
Fixed assets	2,336.6	2,288.9	-47.7
Total assets	3,886.9	3,954.4	+67.5
Current liabilities	1,648.4	1,621.3	-27.1
Non-current liabilities	1,038.0	1,118.0	+80.1
Total liabilities	2,686.4	2,739.3	+52.9
Total net assets	1,200.6	1,215.1	+14.6
Total liabilities and net assets	3,886.9	3,954.4	+67.5

a) Total assets

Total assets as of March 31, 2021 was ¥3,954.4 billion, up ¥67.5 billion from the end of the previous fiscal year, mainly due to an increase in inventories caused by the increased crude oil prices.

b) Total liabilities

Total liabilities as of March 31, 2021 was ¥2,739.3 billion, up ¥52.9 billion from the end of the previous fiscal year, mainly due to an increase in notes and accounts payable-trade owing to increased crude oil prices, despite the repayment of interest-bearing debt.

c) Total net assets

The Company's total net assets as of March 31, 2021 was ¥1,215.1 billion, up ¥14.6 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent of ¥34.9 billion and an increase in noncontrolling interests of ¥13.7 billion, despite dividend payments of ¥41.7 billion.

Consequently, the shareholders' equity ratio as of March 31, 2021 was 29.1%, a decrease of 0.5 points from 29.6% at the end of the previous fiscal year. The Debt Equity Ratio as of March 31, 2021, was 1.0 (end of the previous fiscal year: 1.0).

(v) Investment in plant and equipment:

The amount of capital expenditures of the Group for fiscal year 2020 totaled ¥151.4 billion, which was primarily used as follows:

Segment	Principal capital expenditures
Petroleum	Restructuring, maintenance, and renewal of facilities of the refineries; enhancement, maintenance, and renewal of sales facilities of service stations
Basic chemicals	Restructuring, maintenance, and renewal of production facilities
Functional materials	Restructuring, maintenance and renewal of production facilities
Power and renewable energy	Construction, maintenance, and renewal of power station
Resources	Development and maintenance of oil fields and gas fields; maintenance and renewal of coal production facilities, etc.
Others	Maintenance and renewal of research and development facilities, etc.

(vi) Financing:

The Group's working capital requirements were derived mainly from the purchases of raw materials for the manufacture of products, and fluctuated in response to crude oil prices and foreign exchange rates. In fiscal year 2020, mainly due to the decline in crude oil prices compared to the end of the previous fiscal year, the short-term loans decreased by ¥51.8 billion compared to the end of the previous fiscal year. Regarding the funds for capital expenditures, ¥151.4 billion was invested in fiscal year 2020, and necessary funds were procured through a borrowing of ¥121.0 billion and issuance of ¥40 billion of bonds.

As a result of the foregoing, the Group's interest-bearing debt balance as of the end of fiscal year 2020 was ¥1,308.9 billion, and decreased by ¥27.4 billion compared to the end of the previous fiscal year.

(2) Assets and income/loss:

Item	103rd year April 1, 2017 - Mar. 31, 2018	104th year April 1, 2018 - Mar. 31, 2019	105th year April 1, 2019 - Mar. 31, 2020	106th year (current year) April 1, 2020 - Mar. 31, 2021
Net sales (million yen)	3,730,690	4,425,144	6,045,850	4,556,620
Ordinary income (loss) (million yen)	226,316	169,121	(13,975)	108,372
Net income (loss) attributable to owners of the parent (million yen)	162,307	81,450	(22,935)	34,920
Net income (loss) per share (yen)	845.17	401.63	(76.31)	117.47
Total assets (million yen)	2,920,265	2,890,307	3,886,938	3,954,443
Net assets (million yen)	905,929	878,931	1,200,564	1,215,136
Net assets per share (yen)	4,177.40	4,267.21	3,868.68	3,871.69

(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	50.1	Petroleum refining and electrical power supply
Idemitsu Retail Marketing Co., Ltd.	¥80 million	100.0	Sale of petroleum products
Idemitsu Supervising Co., Ltd.	¥10 million	100.0	Sale of petroleum products
S.I. Energy, Ltd.	¥500 million	100.0	Sale of petroleum 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	69.7	Manufacture, import, and sale of agricultural chemicals
Solar Frontier K.K.	¥7,000 million	100.0	Manufacture and sale of solar batteries
RS Renewables K.K.	¥100 million	100.0	Supply and sale of electricity
Idemitsu Petroleum Norge AS	NOK727,900 thousand	100.0	Investigation, exploration, development, and sale of oil resources
Idemitsu Gas Production (Vietnam) Co., Ltd.	¥1 million	100.0	Investigation, exploration, development, and sale of natural gas
IDEMITSU AUSTRALIA RESOURCES PTY LTD	A\$106,698 thousand	100.0	Investigation, exploration, development, and sale of coals
Idemitsu Canada Resources Ltd.	C\$131,167 thousand	100.0	Investigation, exploration, development, and sale of uranium resources in Canada
Idemitsu Canada Corporation	C\$334,000 thousand	100.0	Investigation and promotion of gas and related businesses in

			Canada
IDEMITSU ASIA PACIFIC PTE.LTD.	US\$340,520 thousand	100.0	Overseas service function company

- (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.

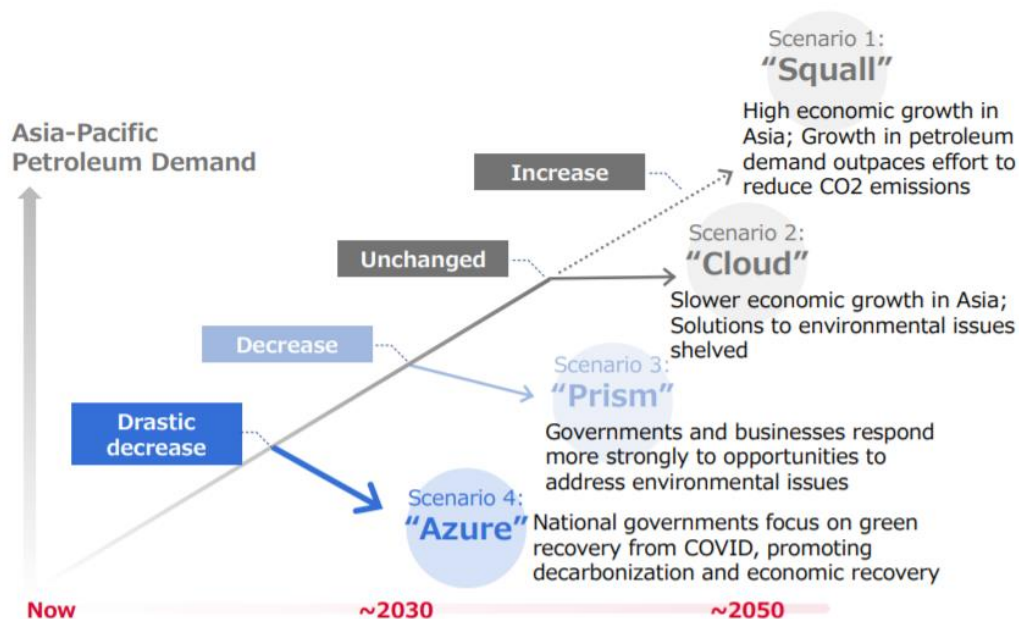
(4) Issues to be addressed:

The Company published the medium-term management plan in November 2019. However, due to the spread of COVID-19 infection, business environments changed significantly. In addition, the Japanese government's 2050 carbon neutral declaration has accelerated decarbonization. In order to reformulate medium- to long-term strategy and accelerate initiatives, the Company reviewed the medium-term management plan that it published in November 2019. An overview is provided below.

Anticipated long-term business environment

Many variables make the future business environment extremely uncertain.

Decarbonization and aging are very likely to be advanced.



The medium-term management plan published in 2019 is premised on Scenario 3 "Prism."

↓
A review of the medium-term management plan recognized that the likelihood of Scenario 4 "Azure" has increased, in which the Asia-Pacific petroleum demand will have passed its peak and decrease sooner.

It is necessary to enhance corporate resilience while engaging in steady efforts towards the resolution of future social challenges.

Reconfirm corporate purpose and establish a corporate vision for 2030

Looking back at the Company's history, the Company has always cherished its value of "nurturing people through our work, contributing to society by showing infinite possibility." By codifying this as its corporate mission "Truly inspired," which serves as the foundation for every employee, the Company will pursue future change.

The Company's history and key values



Corporate mission

Truly inspired

How often do we consider the countries and communities we touch,
and how much empathy do we have for the people living there?
Are we contemplating what's best for them and then doing our
utmost to act in their interests?

Each day, we must reflect on our actions; we must strive to do better
not only for ourselves, but also for others.
We make the impossible possible.

With integrity, solidarity, and determination, we will overcome any
challenge we face.

The starting point for our operations

人間尊重

Corporate vision for 2030

We believe it is our responsibility to contribute to social challenges in addition to providing
stable energy supply.

Our corporate vision for 2030 is to become

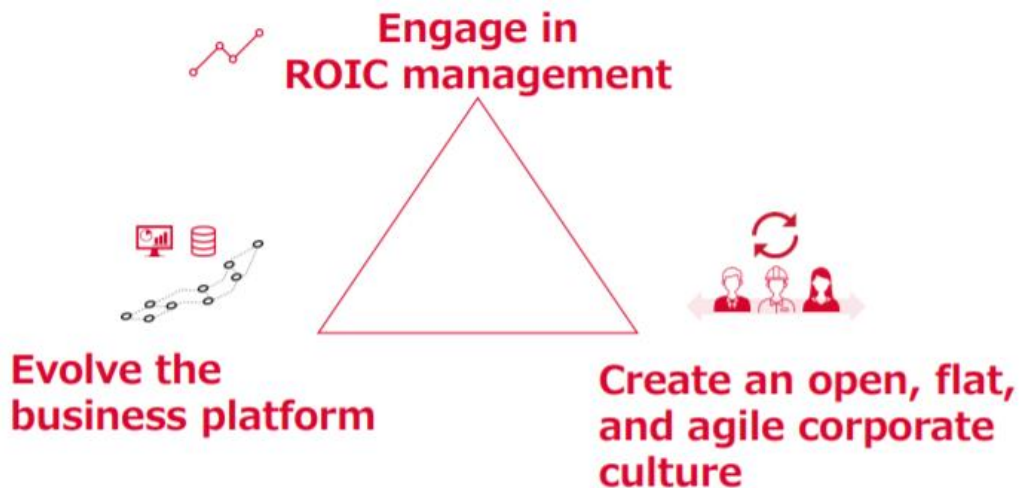
Your Reliable Partner for Brighter Future

and will fulfill three responsibilities through its business activities:

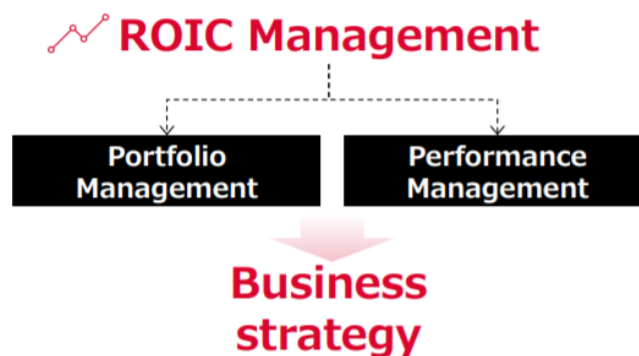
- Responsibility to protect the environment and lifestyles: Energy/material transition to a carbon-neutral/circulatory society
- Responsibility to support regional communities: Next-generation mobility & community for an aging society
- Responsibility to provide for society with technological capabilities: New materials to make it possible to overcome such challenges

Basic strategy and management objectives towards 2030

In order to aim to become a resilient company which can adapt flexibility to any environmental changes, amid extreme uncertainties in the medium- to long-term operating environment, the Company has three policies, “Engage in ROIC management,” “Evolve the business platform,” and “Create an open, flat, and agile corporate culture.”



- Enhance capital efficiency and create a strong corporate structure to increase risk tolerance
- In addition to managing our portfolio, utilize ROIC management methodology to accurately measure performance results
- Use of ICP (internal carbon pricing) for investment decisions





Accelerate DX	<ul style="list-style-type: none"> ■ Shift from Digital “for Idemitsu” (operational reforms) to “for Customer”/“for Ecosystem” (provide customer/network value) *Achieved DX certification on April 1, 2021 (DX-Ready)
Enhance corporate governance	<ul style="list-style-type: none"> ■ Smaller board with members suited to resolving existing management challenges to engage in active discussions ■ Further improve the deliberation process for fair and transparent nominations and compensation, led by external directors ■ Enhance group internal control, including local entities located overseas



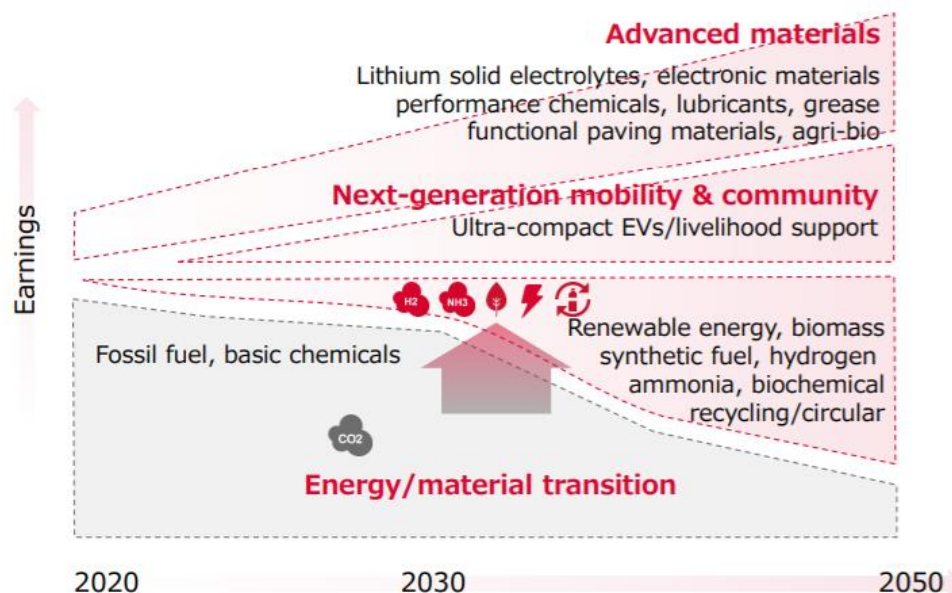
Internal dissemination of the corporate mission and vision	<ul style="list-style-type: none"> ■ Engage in internal branding efforts to establish a shared sentiment towards overcoming social challenges ■ Establish a linchpin to adapt rapidly and flexibly to environmental changes
Organizational reforms	<ul style="list-style-type: none"> ■ Simplify hierarchy to accelerated decision-making; enhance productivity by streamlining administrative divisions ■ Increase in growth opportunities through proactive delegation ■ Enhance quality of management by optimizing span of control
Workstyle reforms	<ul style="list-style-type: none"> ■ Revamp the working environment to suit various value sets and lifestyles, providing equal opportunities for all ■ Promote search for knowledge through reforms of existing operations; shift to high value-added operations ■ Improve operational speed and quality by eliminating perfectionism and promote co-creation

The business strategies based on the basic policies above are provided below.

Petroleum Basic Chemicals	<ul style="list-style-type: none"> ■ Turn apollostation into a “Smart Yorozya (One-stop shop)” ■ Review refinery/complex structure and establish a “CNX* Center” *CNX: Carbon Neutral Transformation ■ Reduce fixed costs ahead of decrease in demand ■ Deepen integration between refining and petrochemical production ■ Enabling profit contribution from Nghi Son Refinery
Functional Materials	<ul style="list-style-type: none"> ■ Commercialize lithium solid electrolytes ■ Accelerate development of advanced materials (e.g. electronic materials, performance chemicals, lubricants, grease, functional paving materials, agri-bio)
Power and Renewable Energy	<ul style="list-style-type: none"> ■ Expand development of renewable energy sources (solar/wind/biomass) ■ Develop distributed energy business centered around renewable energy ■ Convert Solar Frontier into a system integrator business
Resources	<ul style="list-style-type: none"> ■ Oil E&P: Shift to Southeast Asian gas development, CCS initiatives using developed technologies ■ Coal: Reduce mine production, shift to low-carbon solutions business (black pellets, ammonia) ■ Expand domestic and overseas geothermal business

Portfolio evolution for the future

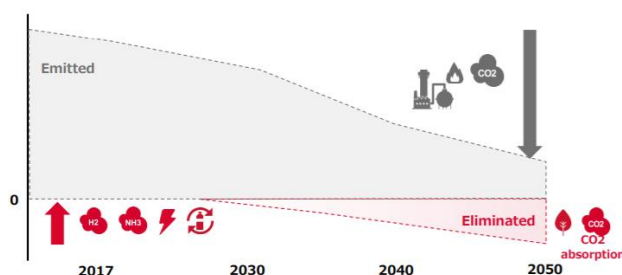
By engaging in the three policies listed in the basic policies, the Company will realize its corporate vision for 2030 and aim for portfolio evolution for the future.



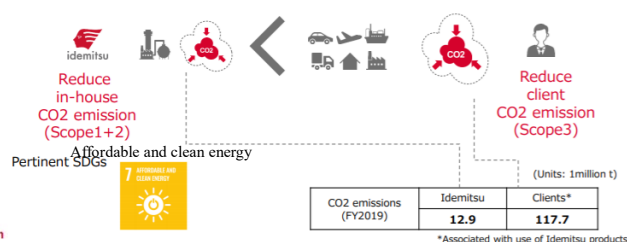
Pursuing carbon neutrality by 2050

By reducing as much CO₂ (Scope 1 + 2) as possible and prompting efforts for negative emissions, the Company aims to achieve carbon neutrality by 2050. Seeing this as a growth opportunity, the Company will tackle the difficult challenge of SDGs No. 7 “Affordable and clean energy,” by expanding businesses that contribute to decarbonization and further making efforts to reduce CO₂ emissions across the entire value chain, while accurately ascertaining customers’ needs.

■ Pursuing carbon neutrality



■ Reduction of CO₂ emissions across the entire value chain



FY2030 management targets

By making the operating + equity income, excluding inventory impact, ¥250 billion, and increasing ROIC to 7% through portfolio management and performance management, the Company aims to improve its corporate value.

Moreover, as the Company’s interim targets for 2050 carbon neutrality, it aims to reduce 4 million t-CO₂ compared to FY2017.

	FY2020 results	FY2030	Compared to FY2020
Operating + equity income	¥92.8 billion*1	¥250 billion	+ 157.2 billion
ROIC	3%	7%	+ 4%
GHG reduction target*2, 3 (Scope 1 + 2)	-*4	- 4 million t	-

*1: Excludes inventory impact

*2: Compared to FY2017

*3: Includes group refineries

*4: FY2020 results are being calculated

Overview of the Medium-term Management Plan (FY2020-2022)

Management objectives

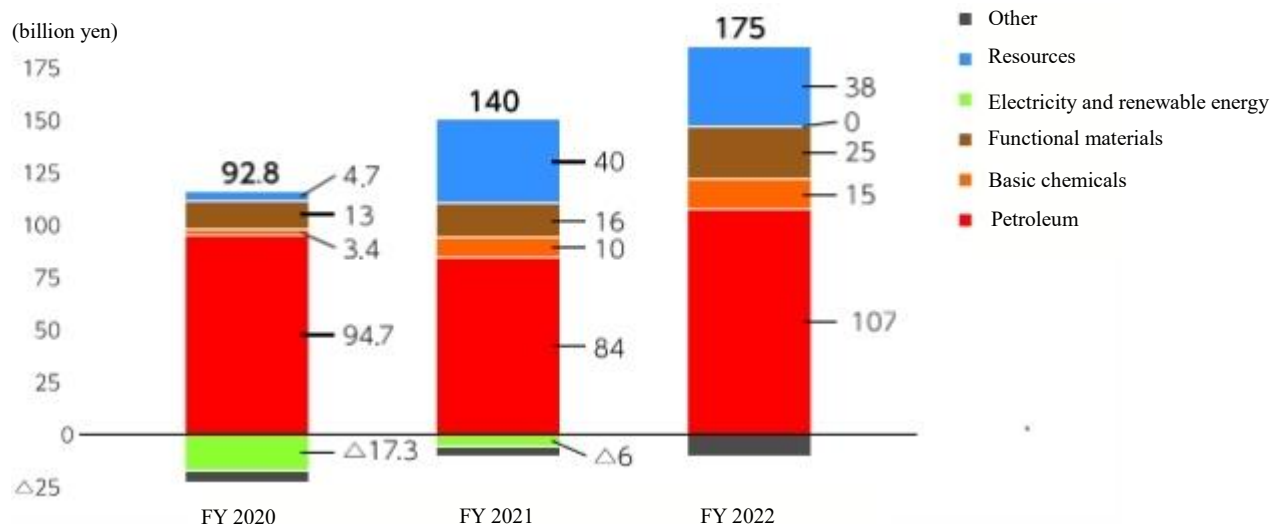
The three-year objectives from FY 2020 to FY 2022 are as provided below (ROE: for FY 2022 only).

Net income (excluding inventory impact)	Operating and equity income (excluding inventory impact)	ROE	FCF
(Three years)	(Three years)	(End of FY 2022)	(Three years)
220 billion yen	410 billion yen	8 %	230 billion yen

Note: Key assumptions for FY 2022: Crude oil \$60/BBL; naphtha \$560/t; coal \$75/t; exchange rate 105 yen/\$

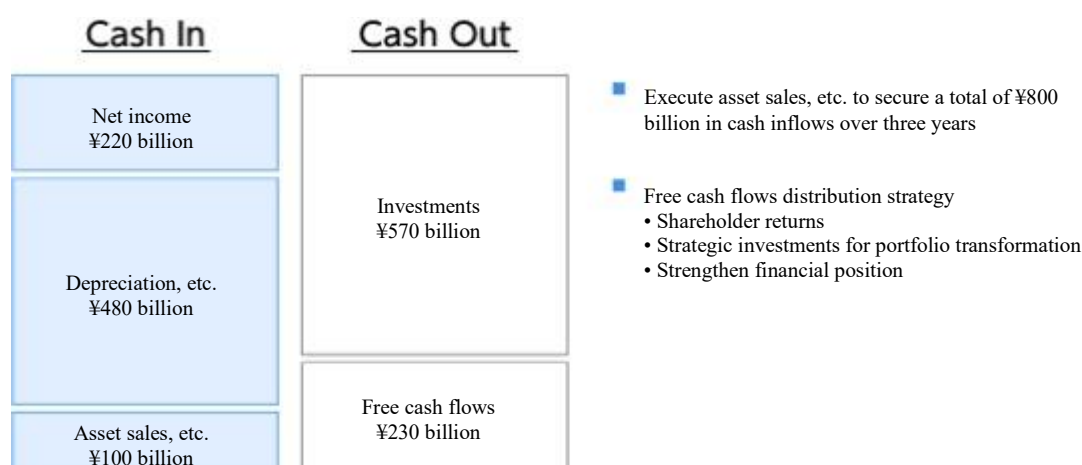
Operating and equity income by segment (excluding inventory impact)

The Company aims to achieve operating income (including equity income) of 175 billion yen in FY 2022, reflecting the expansion of integration synergies in the petroleum segment and the improvement of profit at the Nghi Son Refinery, as well as other factors such as the improvement of resource prices and the basic chemicals market conditions.



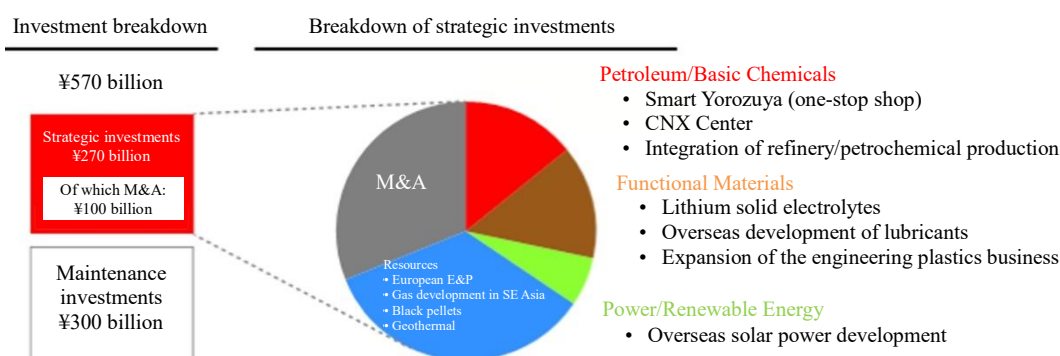
Cash balance

The Company plans to secure 230 billion yen in free cash flow by reducing fixed costs, carefully selecting investment targets, and proactively selling assets. Free cash flow will be allocated to returns to shareholders, strategic investments, and strengthening financial position.



Investment plan

As an investment plan, the Company estimates 570 billion yen over three years. Funding for strategies and M&As will be allocated to investments to transform portfolios.



Returns to shareholders

The Company positions shareholder returns as a key management priority and sets out the shareholder returns policy as follows:

- achieve a total payout ratio of at least 50% on the three-year cumulative net income excluding inventory impact from FY2020–2022; and
- provide stable dividends of ¥120/share.

Specific issues for each segment

Petroleum segment

(a) Optimize petroleum refining

The Company will aim to establish an optimal refinery structure toward the future by continuously and effectively investing in its petroleum refining business in order to enhance its long-term cost competitiveness and the reliability of its facility operations.

(b) Develop the petroleum business overseas

The Company will accelerate the overseas petroleum business through its trading business in the Asian and Pacific regions, the operations of the Nghi Son Refinery and the expansion of service stations in Vietnam, and its development of wholesale operations in North America and retail operations in Australia. The state of profitability at the Nghi Son Refinery remained not favorable in FY 2020 due to the COVID-19 pandemic. The Company will continue to improve its earnings in FY 2021 and onward through initiatives such as maintaining stable operations, cost optimization, and recovering margin.

(c) Reinforce the network of dealers and distributors

The network of dealers and distributors is essential to the supply of energy, such as petroleum and gas, which is needed in the regions. In order to stabilize the operational capabilities of dealers and distributors, and to contribute to the resolution of problems in the regions, the Company will build stronger relationships with them, through consulting, information processing, and developing and introducing products and services under the retail schemes that it has cultivated to date. The Company will provide its customers with extra value so that they can make the most of the network of 6,300 service stations of both brands, including the new service station brand “apollostation”, which launched operations in April 2021.

In addition, by utilizing digital technology (ICT) to closely coordinate information such as shipment estimates, service station inventories, the operational status of ships and lorries, in real-time and in an interactive manner, the Company will develop ways to deal with the lower logistics demand density and the shortage of frontline human resources, as well as optimize its logistics systems and improve its services.

Basic chemicals segment

In order to accelerate stabilization and expansion of the revenue base of its domestic businesses, the Company will pursue cost reduction through drastic efficiency improvement. The Company will, in collaboration with customers of industrial complexes in Chiba and Tokuyama, also aim to achieve stable production corresponding to its business environment, optimization, and enhancement of competitiveness by diversifying raw materials.

By promoting the “Fuel to Chemical” which is integrated in its petroleum business, the Company will optimize the operation of petroleum and chemicals equipment and aim to increase its earning power through logistics alliances.

Furthermore, while securing the base of the olefin and aromatic businesses, the Company will examine specific measures to respond to social needs regarding the environment (such as resources recycling and carbon neutrality), not only by independent efforts of individual companies but also through alliances with industrial complexes, regional communities and other companies.

Functional materials segment

(a) Lubricants

In the fields of automobile lubricant, the Company will support customers’ business development through provision of OEM products in line with customers’ needs via free use of advanced tribology. The Company will work on the expansion of overseas bases, as the market has begun moving to emerging economies, including those in other parts of Asia, in connection with the overseas relocation of automobile manufacture and parts manufacturers. Further, to realize a decarbonized society (which is fast becoming a global trend), the Company will engage in development of lubricants which adapt to the electric units of EVs, and grease which adapts to the requirements of higher thermostability and lower noise in connection with motor drive targeted to the EV market. Also, regarding industrial lubricants such as hydraulic oil and gear oil for industrial machinery, the Company will develop environment-responsive functional products meeting energy and resource-saving requirements associated with enhanced interest in environmental issues.

(b) Performance chemicals

The Company will expand its sales in growing industries domestically and overseas, as well as in areas where growth in demand is expected, based on its proprietary technologies in the fields of engineering plastics and adhesive base materials. The Company will mainly target the fields of automotive and electronic components, and information and communication devices (the technical progress of which is occurring rapidly), as well as daily consumer products, the demand for which is mainly growing in Asia. In order to proceed with stable production and expansion of its business while responding to industry needs, the Company began producing hydrogenated petroleum resin overseas in FY 2020, and also plans to produce syndiotactic polystyrene resin overseas in FY 2022.

(c) Electronic materials

In order to respond to the demand for organic EL materials, the market for which has expanded, the Company will establish research and development systems capable of realizing further performance improvement, enhancing overseas production bases, and meeting users' expectations.

(d) Functional paving materials (Functional asphalt)

As the only general asphalt manufacturer in Japan, the Company will develop and propose safe, secure and eco-friendly products using unique technology and know-hows which the Company has developed. In particular, as FY 2020 is the first fiscal year subject to the "Five-year Acceleration Measures for Disaster Prevention / Mitigation and National Resilience" released by the Japanese government, the Company will contribute to domestic infrastructure resilience through developing functional asphalt products that will facilitate the prolonged life of pavement in a bid to cater to the order parties' needs. Regarding its overseas business, the Company will expand into Southeast Asia and promote the widespread implementation of safe, secure and eco-friendly road pavement.

(e) Agricultural biotechnology

The Company will aim to enhance food safety and agricultural production efficiency, develop biotic pesticides, and explore markets for new pesticides that are capable of meeting environmental regulations, which may become stricter in the future.

(f) Solid electrolytes for all-solid-state lithium ion batteries

The Company will drastically shorten recharge time and improve electricity storage by improving battery performance resulting from the all-solid-state. The Company will also expedite product research and development for commercialization of solid electrolytes for all-solid-state lithium ion batteries, which will enable expansion of the scope of use of lithium ion batteries, including EVs. The Company will aim to place them on the market in the 2020s.

Electricity and renewable energy segment

The Company will distribute electricity to customers by optimizing its external procurement, while still ensuring that such electricity is based on its own competitive electricity sources in Japan. The Company also has various renewable energy power sources, such as wind power, solar, and biomass. The Company will continue to promote the development of power sources responding to the characteristics of the regions by utilizing know-hows therefor. Outside Japan, the Company will actively engage in the promotion of its gas-fired power generation business in North America, and renewable energy business in North America and Southeast Asia. In its solar battery business, the Company is aiming for growth by changing its business activities from panel sales to becoming a system integrator engaged in sales of electricity source systems.

Resources segment

Global energy demand has steeply plummeted due to the COVID-19 pandemic worldwide. However, the Company will continue to make efforts to maintain and improve the value of its existing petroleum and coal resources, and develop gas fields in Asia, in order to maintain a stable supply. For coal, the Company will propose highly efficient combustion techniques and establish manufacturing technology for biomass fuel that can improve the mixed-firing levels of coal to reduce the burden on the environment. Further, for geothermal energy development, the Company will promote surveys and verification of new businesses while maintaining and continuing its geothermal business in Oita.

External Evaluation for ESG

External Evaluation

The Company positions ESG (Environment, Society, and Governance) initiatives as a key management issue and is pursuing information disclosure and engagement regarding its ESG. As a result, the Company obtained the following evaluations in FY 2020. Going forward, the Company will keep working on its ESG initiatives to improve corporate value.

CDP



CDP is a non-governmental organization (NGO) headquartered in the United Kingdom that operates a global information disclosure system to manage environmental impacts and work on environmental issues. CDP rates more than 9,500 companies around the world on an eight-point scale, from A to D-, based on the answers of companies to three types of questionnaires (climate change, water, and forest).

The Company was awarded an A- for “Climate Change” and B for “Water” in the 2020 survey.

MSCI

MSCI is a US company that provides investment decision-making services for institutional investors around the world. MSCI evaluates based on the degree of each company’s ESG risks and how well they are managed. Companies are rated on a 9-point scale from AAA to CCC.

The Company received an “AA” rating in the 2020 survey.

Status of Inclusion in the ESG Index

MSCI Japan ESG Select Leaders Index

2020 CONSTITUENT MSCIジャパン
ESGセレクト・リーダーズ指数

MSCI is an ESG investment index and the Company has been selected as a constituent of the MSCI Japan ESG Select Leaders Index in 2020. This index is created by selecting companies with excellent ESG evaluation from the MSCI Japan IMI Top 700 Index, its parent index. It is also an index adopted by the Government Pension Investment Fund (GPIF), the world’s largest pension fund, for ESG investment.

SOMPO Sustainability Index



The Company has been selected as a constituent of SOMPO Asset Management Co., Ltd.’s “SOMPO Sustainability Index” for the ninth consecutive year since 2012 in recognition of its ESG initiatives.

Kurumin



The Company analyzed its issues, examined specific measures, and formulated an action plan to support the active participation of employees who aim to balance work and family life. In 2012 and 2015, the Company was certified as a childcare-friendly company by the Ministry of Health, Labor and Welfare, and obtained Kurumin Certification for its

Nikkei SDGs Management Survey



This survey comprehensively evaluates companies' efforts to achieve the SDGs from the "SDGs strategy," "social value," "environmental value," and "governance".

The Company received a ★ 4.0 rating in the 2020 survey.

Nikkei "Smart Work Management" Survey



"Smart Work Management" is a corporate management concept proposed by Nikkei Group to foster competitiveness in this new era. The survey evaluates companies comprehensively based on "human resources utilization ability," "innovation ability," and "market development ability."

The Company received a ★ 3.5 rating in the 2020 survey.

measures to support raising the next-generation of children.

Excellent Health Management Corporation Certification 2020



The Company received Excellent Health Management Corporation Certification 2020 (Large Corporation Category) for its highly evaluated "system and measures execution" and "organizational structure." This certification is managed by the Ministry of Economy, Trade and Industry and recognizes companies that provide excellent health management.

DX Certification

The Company achieved DX certification (certification by the Minister of Economy, Trade and Industry) on April 1, 2021. This was to recognize that the Company's initiatives were "DX-Ready"(*), which means that it achieved the level where "a company is ready to transform its business through digitalization."

(*) DX-Ready means that "business managers are ready to present policies toward developing IT system infrastructure and to manage the progress of strategy promotion by clarifying how to transform the company through data utilization using digital technologies and devising strategies to achieve the transformation, as well as by defining the required organizations and human resources companywide."

(5) Major businesses (as of March 31, 2021):

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	Production and sale of solar batteries; supply and sale of power
Resources	Investigation, exploration, development and sale of oil, natural gas, geothermal resources, coal and uranium
Others; coordination	Import, purchase and sale of gas; overseas service function company; insurance agency services

(6) Employees (as of March 31, 2021):

(i) Employees of the Group:

Segment	Number of employees	Change from the end of the previous fiscal year
Petroleum	6,689 (3,996)	+3
Basic chemical products	834 (84)	+46
Functional materials	3,399 (471)	+92
Power and renewable energy	795 (104)	-18
Resources	1,176 (64)	-36
Others; reconciliation	1,151 (312)	+191
Total	14,044 (5,031)	+278

(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
5,192 (1,026)	+207	43 yrs and 1 mth*	18 yrs and 5 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, 2021):

Lender	Debt payable
Japan Oil, Gas and Metals National Corporation	¥122,504 million
Sumitomo Mitsui Banking Corporation	¥121,406 million
MUFG Bank, Ltd.	¥119,202 million
Development Bank of Japan Inc.	¥84,632 million
Sumitomo Mitsui Trust Bank, Limited	¥82,261 million
Mizuho Bank, Ltd.	¥79,788 million
The Norinchukin Bank	¥25,202 million
Japan Bank for International Cooperation	¥24,883 million

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

The Company relocated its head office to 2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo on December 21, 2020.

2. Current state of the Company

(1) Shares (as of March 31, 2021):

- (i) Total number of authorized shares: 436,000,000 shares
- (ii) Total number of issued shares: 297,864,718 shares
- (iii) Number of shareholders: 81,249 persons
- (iv) Major shareholders (top 10):

Name	Number of shares (thousand shares)	Shareholding ratio (%)
Nissho Kosan Co., Ltd.	27,119	9.11
The Master Trust Bank of Japan, Ltd. (Trust account)	24,640	8.27
Aramco Overseas Company B.V.	23,115	7.76
Idemitsu Culture and Welfare Foundation	12,392	4.16
Custody Bank of Japan, Ltd. (Trust account)	12,351	4.15
Idemitsu Museum of Arts Foundation	8,000	2.69
SSBTC CLIENT OMNIBUS ACCOUNT	5,328	1.79
MUFG Bank, Ltd.	5,142	1.73
Sumitomo Mitsui Trust Bank, Limited	5,142	1.73
Sumitomo Mitsui Banking Corporation	5,142	1.73

(Notes) The shareholding ratios are calculated by excluding treasury stock (30,715 shares). The treasury stock does not include the Company shares of 547,565 shares which are owned by The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account).

(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)	8,268 shares (including 2,568 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 remuneration, 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, 2021):

Position	Name	Duties and major concurrent office
Representative Director President and Chief Executive Officer	Shunichi Kito	
Representative Director, Executive Vice President	Takashi Matsushita	Assistant to Chief Executive Officer (Manufacturing & Technology, Petrochemicals, Functional Materials, Intellectual Property/Research, and Vietnam Project) President, Petroleum Association of Japan
Representative Director, Executive Vice President	Susumu Nibuya	Assistant to Chief Executive Officer (Resources, Corporate Planning, External Affairs and Public Relations, ESG, Digital Transformation, and Special Missions)
Director (Chair of Directors Meeting)	Katsuaki Shindome	Head of Safety and Environmental Protection Headquarters, Head of Quality Assurance Headquarters, Chair of Risk Management Committee, Chair of Compliance Committee, and in charge of Next Forum
Director, Managing Executive Officer	Atsuhiko Hirano	Assistant to Chief Executive Officer (Petroleum and Energy Solution)
Director	Masakazu Idemitsu	Representative Director and President, Nissho Kosan Co., Ltd. Representative Director, Showa Kosan K.K.
Director	Kazunari Kubohara	Attorney at law (Kyhodo Law Firm)
Director	Takeo Kikkawa	Professor, Graduate School of International Management, International University of Japan
Director	Mackenzie Clugston	Outside Director, Kameda Seika Co., Ltd. Professor, Kwansei Gakuin University Outside Director, Sapporo Holdings Limited Outside Director, NGK SPARK PLUG CO., LTD.
Director	Norio Otsuka	Outside Director, Sojitz Corporation Outside Director, Taisei Corporation
Director	Yuko Yasuda	Outside Director, Murata Manufacturing Co., Ltd. Outside Director, Nippon Suisan Kaisha, Ltd.
Director	Mitsunobu Koshihara	Director, Chairman of the Board, JSR Corporation Outside Director, A Holdings Corporation

Position	Name	Duties and major concurrent office
Full-time Audit & Supervisory Board Member	Toshiyuki Tanida	
Full-time Audit & Supervisory Board Member	Kenji Takahashi	
Audit & Supervisory Board Member	Taigi Ito	Certified Public Accountant (Ito Taigi Office) Outside Director, Koa Shoji Holdings Co., Ltd.
Audit & Supervisory Board Member	Kenji Yamagishi	Attorney at law (Risolute Law Office)

(Notes)1. Directors Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda, and Mr. Mitsunobu Koshiba are Outside Directors.

2. Audit & Supervisory Board Members Messrs. Taigi Ito and Kenji Yamagishi are Outside Statutory Auditors.
3. Audit & Supervisory Board Member Mr. Taigi Ito, who has had experience as a certified public accountant and a university professor, has considerable knowledge of financing and accounting.
4. Directors Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda and Mr. Mitsunobu Koshiba, and Audit & Supervisory Board Members Messrs. Taigi Ito and Kenji Yamagishi are independent officers who have been registered in accordance with the rules of the Tokyo Stock Exchange.
5. 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.

6. Directors who resigned during the fiscal year under review are as follows:

Name	Resignation date	Reason for resignation	Position and duties, and major concurrent office at the time of resignation
Takashi Tsukioka	June 25, 2020	Expiration of term of office	Chairman and Representative Director President, Petroleum Association of Japan
Tsuyoshi Kameoka	June 25, 2020	Expiration of term of office	Vice Chairman and Representative Director, Vice Chairman and Executive Officer
Tomonori Okada	June 25, 2020	Expiration of term of office	Representative Director, Vice President and Executive Officer

7. Messrs. Susumu Nibuya and Atsuhiko Hirano were newly appointed as Directors in the 105th Ordinary General Meeting of Shareholders held on June 25, 2020, and as of the same date, Mr. Susumu Nibuya was appointed as a Representative Director, Executive Vice President, and Mr. Atsuhiko Hirano was appointed as Managing Executive Officer.

8. Director Ms. Yuko Yasuda became Outside Director of Nippon Suisan Kaisha, Ltd. as of June 25, 2020.
9. Director Mr. Mitsunobu Koshiba became Outside Director of A Holdings Corporation as of March 1, 2021.

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

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

Category	Total amount of remuneration, etc.	Fixed remuneration	Performance-linked remuneration		Number
			Cash remuneration	Stock-based remuneration	
Director (Outside Director)	¥560 million (¥72 million)	¥433 million (¥72 million)	¥63 million (-)	¥63 million (-)	15 (5)
Audit & Supervisory Board Member (Outside Statutory Auditor)	¥91 million (¥29 million)	¥91 million (¥29 million)	- (-)	- (-)	4 (2)
Total (Outside Director and Outside Statutory Auditor)	¥651 million (¥101 million)	¥524 million (¥101 million)	¥63 million (-)	¥63 million (-)	19 (7)

(Note) The above table contains three Directors who resigned as of the conclusion of the 105th Ordinary General Meeting of Shareholders held on June 25, 2020.

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

(Basic Policy on Executive Compensation)

The Company's basic policies regarding remuneration for its Directors and Executive Officers ("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 remuneration 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 remuneration etc. for each individual Director, etc. as follows. The Compensation Advisory Committee has conducted a multi-faceted review of the original draft concerning the decision regarding the contents of remuneration, 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 Company and Showa Shell Sekiyu K.K. conducted a business integration on April 1, 2019. Starting in FY2019, the compensation structures for the Directors (excluding Outside Directors) and Executive Officers are based on new arrangements, contributing to the maximization of synergy creation, business portfolio rearrangement, and enhancement of initiatives for the environment, society and governance, which in turn will lead to further improvement of corporate value, and consist of (1) fixed compensation, (2) performance-based bonuses (shift from performance-linked monetary compensation (periodic equal pay) to performance-based bonuses for the purpose of clarifying the incentive structure), and (3) performance-linked stock compensation.

The ratios of fixed compensation, performance-based bonuses, and performance-linked stock compensation at the time of standard payment are set at approximately 70%, 15%, and 15%. Compensation for Outside Directors consists solely of fixed compensation from the perspective of ensuring appropriate supervisory functions where Outside Directors assess 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-based bonuses are designed to fluctuate within a range of 0 - 200% according to achievement levels, such as roles and company performance (net income attributable to shareholders of the parent company ("net income") and consolidated 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 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 achievement of corporate performance (net income and consolidated 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 net income and consolidated 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 is determined as follows in accordance with the duties of each director.

Indicator	Directors and Executive Officers (above senior position)	Executive Officers below senior position
Net income	60%	40%
Consolidated operating income	40%	60%

With regard to the goals and performances of each indicator for the fiscal year under review, there was no choice but to determine to set a conservative goal value at the beginning of the fiscal year under review, which was when a goal value for performance-based remuneration was to be considered, because of an unclear external environment due to the COVID-19 pandemic. Therefore, although the achievement of those goals exceeded each indicator, the goal value set at the beginning of the fiscal year under review (consolidated operating income: 60 billion yen, and net income: five billion yen) was understood as a reference value in the calculation for the performance-based remuneration for the fiscal year under review, and the amount granted in accordance with the actual situation was determined after discussions by the Compensation Advisory Committee.

(The Date of Resolution at the Shareholders General Meeting Concerning Remuneration, 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 yen or less per year for Directors and 120 million yen 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 yen (provided, however, that in the case of a trust that has already commenced in FY2018, the total amount of 2.3 billion yen 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 Outside Directors) covered by this system is 6 and the number of Executive Officers who do not concurrently serve as Directors is 31.

Individual compensation for Directors is determined by the Board of Directors based on the recommendations of the Compensation Advisory Committee, which is composed of Independent Outside Directors and Independent Outside Statutory Auditors. Individual compensation for Audit & Supervisory Board Members is determined through discussions among Audit & Supervisory Board Members. The Compensation Advisory Committee met a total of five times in FY2020, including deliberation on executive compensation, and have deliberated mainly on the following matters.

Meeting date	Major deliberation matters
April 21, 2020	Evaluation of goals set for each sector which Directors concurrently serving as a Executive Officers (except for the Representative Directors) are in charge of
June 16, 2020	Compensation for newly established job roles and positions, and medium- to long-term issues in compensation for officers
August 6, 2020	Introduction of a non-financial goal for performance-based bonuses for Representative Directors, and establishment of a goal for Directors
November 10, 2020	Handling of performance-linked compensation for Directors and Executive Officers at the time of resignation during its term of office
February 24, 2021	Confirmation of standards for executive compensation standards

(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. Mackenzie Clugston is serving as an Outside Director of Kameda Seika Co., Ltd., Sapporo Holdings Limited, and NGK SPARK PLUG CO., LTD. The Company has no special relationship with these corporations.

Director Mr. Norio Otsuka is serving as an Outside Director of Sojitz Corporation and Taisei Corporation. The Company trades di-isobutylene and other chemicals with Sojitz Corporation, and has entered into a transaction regarding demolition work with Taisei Corporation.

Director Ms. Yuko Yasuda is serving as an Outside Director of Murata Manufacturing Co., Ltd. and Nippon Suisan Kaisha, Ltd. The Company has no special relationship with the corporation.

Director Mr. Mitsunobu Koshiba is serving as an Outside Director of A Holdings Corporation. The Company has no special relationship with the corporation.

Audit & Supervisory Board Member Mr. Taigi Ito is serving as an Outside Director of Koa Shoji Holdings Co., Ltd. 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	16/16	100%	-	-
Director	Mackenzie Clugston	16/16	100%	-	-
Director	Norio Otsuka	16/16	100%	-	-
Director	Yuko Yasuda	15/16	94%	-	-
Director	Mitsunobu Koshiba	16/16	100%	-	-
Audit & Supervisory Board Member	Taigi Ito	16/16	100%	17/17	100%
Audit & Supervisory Board Member	Kenji Yamagishi	16/16	100%	17/17	100%

Director Mr. Takeo Kikkawa, principally from the standpoint of a specialist in the theory of energy industry as a university professor, has respectively expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as a Chair of the Nomination Advisory Committee, he has attended all five meetings of the Committee held in the fiscal year under review, and leads the supervisory function for the decision-making process to appoint, etc., officer candidates from an objective and neutral position.

Director Mr. Mackenzie Clugston, principally from the global standpoint regarding the overall businesses with broad experience as a diplomat and a university professor, has respectively expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as a member of the Compensation Advisory Committee, he has attended all five meetings of the Committee held in the fiscal year under review, and takes part in the supervisory function for the decision-making process for the Company's executive compensation, etc., from an objective and neutral position.

Director Mr. Norio Otsuka, principally from wide experience and advanced insight regarding corporate management, has respectively expressed his 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 Advisory Committee, he has attended all five meetings of the Committee held in the fiscal year under review, and takes part in the decision-making process to

appoint, etc. officer candidates, from an objective and neutral position.

Director Ms. Yuko Yasuda, principally from experience as a business manager and broad knowledge about the training of global leaders, has respectively expressed her opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as a Chair of the Compensation Advisory Committee, she has attended all five meetings of the Committee held in the fiscal year under review, and leads the supervisory function for the decision-making process for the Company's executive compensation, etc., from an objective and neutral position.

Director Mr. Mitsunobu Koshiba, principally from expertise in the technology area as well as long experience and wide knowledge as a business manager, has respectively expressed his 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 Advisory Committee, he has attended all five meetings of the Committee held in the fiscal year under review, and takes part in the decision-making process to appoint, etc. officer candidates, from an objective and neutral position.

Audit & Supervisory Board Member Mr. Taigi Ito, principally from the standpoint of accounting with broad 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. Furthermore, as a member of the Nomination Advisory Committee, he has attended all five meetings of the Committee held in the fiscal year under review, and takes part in the decision-making process to appoint, etc. officer candidates, from an objective and neutral position.

Audit & Supervisory Board Member Mr. Kenji Yamagishi, 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. Furthermore, as a member of the Compensation Advisory Committee, he has attended all five meetings of the Committee held in the fiscal year under review, and takes part in the supervisory function for the decision process for the Company's executive compensation, etc., from an objective and neutral position.

(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, 2021, 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 announced the “Medium-term Management Plan Revision” on May 11, 2021, in which the Company is scheduled to secure a total payout ratio of over 50% on cumulative net income excluding inventory impact from FY2020-2022, while basically providing stable dividends of ¥120 per share from FY2021-2022.

Based on the above policy, annual dividends for the next fiscal year are scheduled to be ¥120 per share.

(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, 2021)

(million yen)

ASSETS

Current assets:	1,665,516
Cash and deposit	131,343
Notes and accounts receivable-trade	602,661
Inventories	694,522
Other current assets	238,511
Allowance for doubtful accounts	(1,521)
Fixed assets:	2,288,926
Tangible fixed assets	1,521,899
Buildings and structures	266,693
Machinery, equipment and vehicles	309,885
Land	808,037
Construction in progress	58,815
Other tangible fixed assets	78,468
Intangible fixed assets	319,252
Goodwill	159,006
Other intangible fixed assets	160,245
Investment and other assets	447,774
Investment securities	239,196
Long-term loans receivable	37,720
Assets for employees' retirement benefits	2,183
Deferred tax assets	21,019
Other investments	149,814
Allowance for doubtful accounts	(2,160)
TOTAL ASSETS	3,954,443

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

(million yen)

LIABILITIES

Current liabilities:	1,621,286
Notes and accounts payable-trade	530,697
Short-term borrowings	334,309
Commercial paper	188,005
Current portion of bonds payable	20,000
Accounts payable, other	406,890
Accrued income taxes	18,422
Allowance for bonuses	11,392
Other current liabilities	111,568
Long-term liabilities:	1,118,019
Bonds	100,000
Long-term debt	637,468
Deferred tax liabilities	9,643
Deferred tax liabilities upon revaluation	84,993
Liability for employees' retirement benefits	49,232
Reserve for repair works	73,197
Asset retirement obligations	77,647
Other long-term liabilities	85,836

Total liabilities	2,739,306
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NET ASSETS

Shareholders' equity:	1,028,559
Common stock	168,351
Additional paid-in capital	461,635
Retained earnings	400,579
Treasury stocks	(2,008)
Accumulated other comprehensive income:	122,371
Unrealized holding gains on other securities	5,792
Deferred gains (loss) on hedges	(1,209)
Revaluation difference of land	159,585
Translation adjustments	(47,207)
Retirement benefit liability adjustment	5,410
Noncontrolling interests:	64,206

Total net assets	1,215,136
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TOTAL LIABILITIES AND NET ASSETS	3,954,443
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(Note) Figures are indicated by discarding fractions less than one million yen.

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2020 to March 31, 2021)

(million yen)

Account Title	Amount
Net sales	4,556,620
Cost of sales	3,997,591
Gross profit	559,028
Selling, general and administrative expenses	418,965
Operating income	140,062
Non-operating income	23,392
Interest income	9,935
Dividend income	4,237
Subsidy income	4,655
Others	4,564
Non-operating expenses	55,082
Interest expenses	11,982
Equity in losses of nonconsolidated subsidiaries and affiliates, net	39,789
Others	3,309
Ordinary income	108,372
Extraordinary income	15,087
Gain on sales of fixed assets	13,081
Gain on sales of investment securities	59
Gain on reversal of restoration cost	889
Others	1,058
Extraordinary expenses	58,877
Impairment loss on fixed assets	20,164
Loss on sales of fixed assets	1,121
Loss on disposal of fixed assets	6,863
Loss on valuation of investment securities	6,193
Loss from money transfer scam at foreign subsidiary	3,672
Loss on valuation of long-term loans receivable	18,114
Others	2,747
Income before income taxes	64,582
Income taxes - current	17,756
Income taxes - deferred	11,586
Net income	35,239
Net income attributable to noncontrolling interests	319
Net income attributable to owners of the parent	34,920

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

NON-CONSOLIDATED BALANCE
SHEET

(As of March 31, 2021)

(million yen)

ASSETS

Current assets:	1,392,880
Cash and deposit	86,338
Notes receivable-trade	75
Accounts receivable-trade	506,290
Merchandise and finished goods	302,886
Raw material and supplies	263,076
Prepaid expenses	4,409
Short-term loans receivable	152,158
Other current assets	78,200
Allowance for doubtful accounts	(555)
Fixed assets:	1,840,443
Tangible fixed assets	1,091,447
Buildings	83,454
Structures	85,043
Oil tanks	23,088
Machinery and equipment	107,059
Vehicles and transportation equipment	1,433
Tools, furniture and fixtures	13,373
Land	760,521
Leased assets	216
Construction in progress	17,256
Intangible fixed assets	309,665
Leasehold rights	11,848
Software	17,240
Goodwill	155,509
Customer-related assets	118,462
Other	6,603
Investments and other assets	439,330
Investment securities	23,358
Investments in shares of affiliates	339,240
Long-term loans receivable	22,031
Deferred tax assets	11,317
Other investments	43,435
Allowance for doubtful accounts	(54)
TOTAL ASSETS	3,233,323

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

(million yen)

LIABILITIES**Current liabilities: 1,375,147**

Accounts payable, trade	440,365
Short-term borrowings	183,198
Commercial paper	188,005
Current portion of bonds payable	20,000
Accounts payable, other	390,627
Accrued expenses	9,256
Income taxes payable	7,558
Advances received	40,508
Deposit received	85,102
Allowance for bonuses	7,161
Other current liabilities	3,362

Long-term liabilities: 916,475

Bonds	100,000
Long-term debt	581,784
Deferred tax liabilities upon revaluation	84,993
Retirement allowances for employees	37,602
Reserve for repair works	51,131
Other long-term liabilities	60,963

Total liabilities 2,291,622**NET ASSETS****Shareholders' equity: 778,985****Common stock 168,351****Additional paid-in capital 458,105**

Capital reserve 458,105

Retained earnings 154,496

Retained earnings reserve 1,081

Other retained earnings 153,415

Reserve for loss on overseas investment, etc. 132

Reserve for deferred income tax on fixed assets 33,411

Retained earnings carried forward 119,870

Treasury stocks (1,967)**Valuation and translation adjustments: 162,715**

Unrealized holding gains on other securities 4,312

Deferred gains (loss) on hedges (1,181)

Revaluation difference of land 159,585

Total net assets 941,701**TOTAL LIABILITIES AND NET ASSETS 3,233,323**

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

NON-CONSOLIDATED STATEMENT OF INCOME

(April 1, 2020 to March 31, 2021)

(million yen)

Account Title	Amount
Net sales	3,435,415
Cost of sales	3,034,177
Gross profit	401,238
Selling, general and administrative expenses	304,772
Operating income	96,465
Non-operating income	53,433
Interest income	1,506
Dividend income	45,050
Subsidy income	4,411
Others	2,465
Non-operating expenses	9,089
Interest expenses	6,739
Loss on foreign exchange, net	375
Others	1,974
Ordinary income	140,810
Extraordinary income	4,482
Gain on sales of fixed assets	1,549
Gain on sales of investment securities	135
Gain on sales of shares of subsidiaries and affiliates	1,049
Gain on reversal of restoration cost	889
Gain on extinguishment of tie-in shares	638
Others	220
Extraordinary expenses	20,087
Impairment loss on fixed assets	2,059
Loss on sale of fixed assets	972
Loss on disposal of fixed assets	6,422
Loss on revaluation of affiliate stock	8,742
Others	1,890
Income before income taxes	125,205
Income taxes - current	13,723
Income taxes - deferred	14,721
Net income	96,760

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

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 9, 2021

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

Deloitte Touche Tohmatsu LLC Tokyo
Office

Dai Yamamoto (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Motoyuki Suzuki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Minoru Takashima (seal)
Designated Unlimited 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, 2020 to March 31, 2021 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.

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 9, 2021

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

Deloitte Touche Tohmatsu LLC Tokyo
Office

Dai Yamamoto (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Motoyuki Suzuki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Minoru Takashima (seal)
Designated Unlimited 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 106th fiscal year from April 1, 2020 to March 31, 2021 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.

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 106th fiscal year from April 1, 2020 to March 31, 2021, 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, October 28, 2005) 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. 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 10, 2021

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

Toshiyuki Tanida (seal)
Full-time Statutory Auditor

Kenji Takahashi (seal)
Full-time Statutory Auditor

Taigi Ito (seal)
(Outside) Statutory Auditor

Kenji Yamagishi (seal)
(Outside) Statutory Auditor

- END -