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May 22, 2025

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(the “Company”)
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To whom it may concern

Notice Regarding the Opinion of the Board of Directors (the “Board”) on the Shareholder Proposals

As announced in the "Notice regarding Receipt of Written Shareholder Proposal" dated April 18, 2025 and May 1, 2025, we received a written notice dated April 15, 2025 from one of our shareholders, regarding the exercise of its shareholder proposal right in relation to the agenda of the 23rd Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2025 (hereinafter, referred to as the "Proposing Shareholder(1)", and such written notice as Shareholder Proposal(1)").

Additionally, we received another written notice dated April 28, 2025, from a different shareholder, also regarding the exercise of its shareholder proposal right (hereinafter referred to as the "Proposing Shareholder(2)", and such written notice as "Shareholder Proposal(2)").

We hereby announce that, at the Board meeting held today, the Board resolved as follows with respect to its opinions on each of the above-mentioned shareholder proposals.

I. Details of the shareholder proposal submitted by Proposing Shareholder(1) (hereinafter referred to as "Proposal(1)") and the Opinion of the Board.

1. Proposing Shareholder(1)
An individual shareholder
* We will not disclose the individual shareholder’s name, as he/she is an individual.

2. Proposed Agenda
1. Partial amendment to the Articles of Incorporation regarding the establishment of a committee to study the strategic privatization by Idemitsu Kosan Co.,Ltd.

3. Contents and Reasons for Proposal(1)
As set out in Attachment 1 ("Details of Proposal(1)").

Please note that Attachment 1 ("Details of Proposal (1)") provides the relevant sections of Shareholder Proposal(1) in its original form.

4. Opinion of the Board
The Board **opposes Proposal (1)**.

As announced in the press release dated April 16, 2024, titled " Idemitsu and Fuji Oil Announce the Signing of a Capital and Business Alliance Agreement and the Acquisition of Fuji Oil shares (Securities code: 5017) by Idemitsu as the Act of Accumulating Stocks″, the Company has entered into a capital and business alliance agreement (hereinafter referred to as the "Capital and Business Alliance") with Idemitsu Kosan Co.,Ltd.(hereinafter referred to as“Idemitsu Kosan”).

The purpose of this alliance is to create synergies in the existing fuel oil business, focusing on collaboration between Idemitsu Kosan’s Chiba Plant and the Company's Sodegaura Refinery, and to jointly establish a future base in the Keiyo area for fuel oil supply, as well as for the reception, production, and distribution of carbon-neutral fuel.

As part of this Capital and Business Alliance, Idemitsu Kosan has acquired the Company's shares and currently holds 17,035,520 shares of the Company (21.79% of the total amount of issued shares), making the Company an equity-method affiliate of Idemitsu Kosan. Through this Capital and Business Alliance, we aim to deepen collaboration in our fuel oil business and promote efforts toward future decarbonization, thereby striving to enhance our corporate value.

The Company makes decisions on management strategies and other matters after thorough discussions by the Board, more than one-third of whom are independent outside directors. The Board also seeks the opinions of external experts as necessary and incorporates their views into management’s decision-making. In addition, the Company appropriately communicates the opinions obtained through IR and SR activities to the Board and incorporates the views of shareholders and investors in the formulation of management strategies and other related matters.

In connection with the Capital and Business Alliance, the Company carefully examined and deliberated various options under the aforementioned framework and reached its decision following thorough discussions and negotiations with Idemitsu Kosan. While we have been striving to maximize the benefits of this alliance, we remain committed to anticipating changes in the business environment and pursuing the most appropriate measures and strategies from among various options to achieve sustainable enhancement of our medium- to long-term corporate value.

In response to the Company's position described above, Proposal (1) seeks to amend the Articles of Incorporation to mandate the establishment of a committee dedicated solely to considering a "Strategic Privatization by Idemitsu Kosan Co.,Ltd". However, as stated above, the Company has already established a framework for the deliberation and oversight of management strategies, which incorporates the expertise of independent outside directors and external experts. In addition, from the perspective of enhancing corporate value, the Company continuously evaluates the optimal organizational structure and remains prepared to flexibly establish new bodies or reorganize existing ones, as necessary.

Furthermore, it is not appropriate to include in the Articles of Incorporation, which is a fundamental governing document of the Company, a provision to establish a committee for the purpose of considering a specific matter, as such an amendment may impair the agility and flexibility of management’s decision-making processes.

Therefore, the Board opposes Proposal(1).

We recognize "securing stable profitability" and "fostering growth expectations" as key challenges in realizing improvements in PBR and ROE, and ultimately, enhancing our medium- to-long-term corporate value. In light of these challenges, we are focusing on improving profitability, pursuing decarbonization-related businesses, enhancing dividends, and strengthening IR activities. We aim to improve operational efficiency and strengthen competitiveness, and to establish ourselves as a supply base for next-generation carbon-neutral fuels. Through these initiatives, we seek to enhance our medium- to-long-term corporate value.

II. Details of the shareholder proposal submitted by Proposing Shareholder(2) (hereinafter referred to as "Proposal(2)") and the Opinion of the Board.

1. Proposing Shareholder(2)
An individual shareholder
*We will not disclose the individual shareholder's name, as he/she is an individual.

2. Proposed Agenda
(1) Agenda Item 1: Amendment to the Articles of Incorporation regarding Appropriation of Surplus
(2) Agenda Item 2: Amendment to the Articles of Incorporation Regarding the Acquisition of Treasury Shares

3. Contents and Reasons for Proposal(2)
As set out in Attachment 2 ("Details of Proposal(2)").
Please note that Attachment 2 ("Details of Proposal(2)") provides the relevant sections of Shareholder Proposal(2) in its original form.

4. Opinion of the Board
The Board **opposes both items in Proposal(2)**.

(1) Agenda Item 1: Amendment to the Articles of Incorporation regarding Appropriation of Surplus

We regard returning profits to shareholders as one of our highest management priorities. Our fundamental policy on shareholder returns is to maintain stable dividends, taking into account factors such as business performance and capital structure, while also securing sufficient internal reserves to support medium- to-long-term business growth.

We recorded positive financial results for four consecutive fiscal years through the fiscal year ended March 31, 2024. Even on a real basis, excluding the impact of inventory fluctuations, we achieved profitability for two consecutive years, confirming a certain level of improvement in our earnings capacity. However, as announced in our earnings report summary dated May 9, 2025, our net income for the fiscal year ended March 31, 2025 was negative. In addition, as stated in our earnings forecast, we also expect a net loss for the fiscal year ending March 31, 2026. Given this outlook, our business and financial conditions are expected to remain challenging for the foreseeable future. Under these circumstances, strengthening our financial position continues to be a key management priority.

While we recognize the importance of returning profits to shareholders, we believe that dividend amounts should be determined with agility and flexibility. This decision takes into account our business performance, financial condition, external environment, and growth strategy, as well as the funds required for future growth initiatives, capital investments, and other relevant factors.

However, Agenda Item 1 seeks to introduce a new provision in the Articles of Incorporation that mandates the method for calculating dividend amounts as indicated by Proposing Shareholder (2). Under the terms of Agenda Item 1, the

Company would be required to pay a year-end dividend equivalent to at least 2% of net assets or a dividend payout ratio of 30%. If such a provision were added to the Articles of Incorporation, it would prevent the Company from determining the dividend amounts based on a comprehensive assessment of its business performance, financial condition, external environment, and growth strategy. Mandating a uniform calculation method for dividends in this way could undermine the Company's financial foundation and impair the agility and flexibility of its future business operations and capital policies, including shareholder returns. It is evident that this would hinder the Company's ability to enhance corporate value over the medium- to-long-term.

Furthermore, the Articles of Incorporation are intended to set forth the fundamental principles regarding the Company’s organization and operations. Including specific, detailed provisions would undermine the agility and flexibility required for effective business execution, and is therefore inappropriate.

Therefore, the Board opposes Agenda Item 1.

As described above, the Company is committed to maintaining stable dividends while taking into account its financial condition, with the aim of ensuring stable profitability and cultivating expectations for growth. Through the steady execution of its initiatives, the Company will continue striving to enhance its corporate value over the medium- to-long-term.

(2) Agenda Item 2: Amendment to the Articles of Incorporation Regarding the Acquisition of Treasury Shares

The Company's basic policy and approach to shareholder returns are as described above in section (1).

We recognize that share buybacks, alongside our dividend policy, are an effective means of returning profits to shareholders and contribute to improving capital efficiency. We also believe that such buybacks can have a positive signaling effect in the stock market.

On the other hand, share buybacks result in a reduction of shareholders' equity. In our Third Medium-Term Business Plan, we set a financial target of maintaining a net D/E ratio of 1.5 times or lower. Going forward, it remains essential to formulate and implement capital policies that ensure an appropriate balance between debt and equity. We believe it is necessary to assess, in a timely and appropriate manner, whether to carry out share buybacks, and if so, to carefully consider the timing, number of shares, and total amount, while fully taking into account our net D/E ratio, business performance, financial condition, external environment, and growth strategy.

However, Agenda Item 2 seeks to mandate that the Company mechanically and continuously conduct share buybacks in accordance with the policy specified by Proposing Shareholder (2). If adopted, this proposal would require the Company to conduct share buybacks based on a fixed formula, without taking into account its business performance, financial condition, external environment, or growth strategy. The implementation of such share buybacks could undermine the Company's financial foundation and impair the agility and flexibility of its capital policies, including future business operations and shareholder returns, and this would hinder the enhancement of the Company's corporate value over the medium to long term.

Furthermore, the Articles of Incorporation are intended to set forth the fundamental principles regarding the Company’s organization and operations. Including specific, detailed provisions would undermine the agility and flexibility required for effective business execution and is therefore inappropriate.

Therefore, the Board opposes Agenda Item 2.

(3) Conclusion

Accordingly, the Board opposes Proposal(2) in its entirety.

(Attachment 1)

Details of Proposal(1)

The relevant sections of Shareholder Proposal(1) is set out as written in its original form.

I. Proposed Agenda

1. Partial amendment to the Articles of Incorporation to establish a Strategic Privatization Review Committee by Idemitsu Kosan Co.,Ltd.

II. Contents and Reasons for the Proposal

Partial amendment to the Articles of Incorporation regarding the establishment of a committee to consider a strategic privatization by Idemitsu Kosan Co.,Ltd.

［Contents of the Proposal］

A provision shall be added to the Articles of Incorporation to establish a committee to consider a strategic privatization of the Company by Idemitsu Kosan Co.,Ltd., consisting of the responsible director(s) and outside director(s), and incorporating the expertise of external advisors.

［Reason for Proposal］

Idemitsu Kosan Co.,Ltd. is the Company’s largest shareholder, holding 21.7% of its shares, and recognizes the Company as an equity-method affiliate. Idemitsu Kosan Co.,Ltd. has established an efficient production and supply system for petroleum products, including, but not limited to, the Chiba Refinery. On the other hand, in response to Japan's declining population and progress in decarbonization, consolidation and closure of refineries have been accelerating. If the Company becomes a subsidiary of Idemitsu Kosan Co.,Ltd., its refineries will serve as key operational bases, benefiting from efficiency gains and enabling it to maintain full capacity utilization, even as the overall refinery industry continues to shrink.

The Company’s PBR remains low at 0.3x. Given that its business is highly sensitive to market conditions, it is necessary to build up equity capital to mitigate the risks associated with market volatility, making it difficult to improve capital efficiency.

To ensure the stable and efficient continuation of operations that support vital social infrastructure, considering a potential privatization by Idemitsu Kosan Co.,Ltd. is the preferred option for all stakeholders, including shareholders, management, and employees.

(Attachment 2)

Details of Proposal(2)

The relevant sections of Shareholder Proposal(2) is set out as written in its original form.

Agenda Item 1: Amendment to the Articles of Incorporation regarding Appropriation of Surplus

1. Outline of Proposal

The following proposal will be newly established or amended.

The amendment to the Articles of Incorporation pursuant to this proposal shall become effective upon approval and adoption at the Ordinary General Meeting of Shareholders.

(Year-End Dividend)

At the end of each fiscal year, the Company shall pay an amount equivalent to 2% of its net assets or an amount corresponding to Dividend Payout Ratio of 30%, whichever is greater, as a year-end dividend to its shareholders within the range of the amount available for distribution, using Other Retained Earnings as the source of dividend. Provided, however, that if the Company has a clear and reasonable necessity to pay shareholders an amount lower than the base amount, and provides an appropriate explanation regarding such necessity, this provision shall not apply.

2. Reason for the Proposal

The Company's Price Book-value Ratio (PBR) was 0.3 times or less as of the end of 2024, and has remained 1 times (dissolution value) or less for many years. As a result, the Company’s valuation has reached a level where its existence as a PRM listed company on the Tokyo Stock Exchange (TSE) is in question.

Although the TSE has made an extraordinary request for measures to address the stock price (low PBR), the Company has not taken concrete steps, such as referring to the Dividend Payout Ratio. Instead, it has merely presented abstract goals that do not constitute effective stock price measures.

Furthermore, despite its low Dividend Payout Ratio, the Company has, on multiple occasions, such as in 2016 and 2020, easily reduced dividends to zero yen (no dividend payments) in response to temporary downturn in earnings. As a result, the Company has been excluded from the investment targets of modern investors who place importance on dividends.

Therefore, it is advisable to adopt the Dividend On Equity (DOE) along with the Dividend Payout Ratio, used by the majority of PRM listed companies, and to build a track record of increasing dividends without reductions each year, and to encourage investors to invest with greater confidence. Through the above, the Company can also expect to contribute to the establishment of a long-term, stable shareholder base.

Agenda Item 2: Amendment to the Articles of Incorporation Regarding the Acquisition of Treasury Shares

Agenda Item 2: Amendment to the Articles of Incorporation Regarding the Acquisition of Treasury Shares

1. Outline of Proposal

The following proposal will be newly established or amended.

The amendment to the Articles of Incorporation pursuant to this proposal shall become effective upon approval and adoption at the Ordinary General Meeting of Shareholders.

(Acquisition of Treasury Shares)

The Company shall, within the range of the amount available for distribution, acquire its own stocks each fiscal year until its stock price recovers to a PBR of 1 times. The total acquisition price shall be equal to or greater than 1 % of the Company's equity capital as of the end of each fiscal year.

2. Reason for the Proposal

Share buybacks during periods of stock price decline not only improve the financial position of the Company, but also foster shareholder confidence by demonstrating that management does not overlook stock price slumps, thereby contributing to an increase in corporate value. Although the Company has consistently recorded operating profits every fiscal year since the coronavirus pandemic and appears to have emerged from its earnings slump, its PBR remains low. This is attributed to shareholders concerns regarding management's long standing tolerance of a low stock price without implementing share buybacks.

Additionally, despite an extraordinary request from the TSE to take measures to address the low PBR, the Company has not implemented share buybacks, which are an effective stock price measure. Instead, it has merely set forth abstract goals without presenting specific numerical targets to shareholders, rendering such efforts ineffective. Accordingly, we propose the above agenda item.

Continuously acquiring Treasury Shares until the stock price exceeds a PBR of 1 times (dissolution value) is expected to alleviate shareholder concerns and contribute to the restoration of shareholder confidence.