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Press Release

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Announcement on Acquisition of Treasury Shares through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) System
(Acquisition of Treasury Shares through Accelerated Share Repurchase)

Idemitsu Kosan Co., Ltd. (the "Company") adopted a resolution at the board of the directors meeting held on February 12, 2025 to acquire treasury shares pursuant to its articles of incorporation in accordance with Article 459, paragraph (1) of the Companies Act of Japan.
The Company hereby announces that today it decided on the following specific acquisition method:

1. Reason for the Acquisition of Treasury Shares

The Company's shareholder returns policy for the current medium-term management plan period (FY2023–FY2025) is to provide "a total payout ratio of 50% or more based on 3-year cumulative net income excluding inventory impact."

In addition, as stated in the "Presentation on Results for FY2023" announced on May 14, 2024, the Company announced its policy of acquiring treasury shares for a total of 100 billion yen during the current medium-term period to optimize shareholders' equity, in line with plans to pursue a target ROE of 10% in FY2025.

The acquisition of treasury shares will be implemented in accordance with the policy above.

As stated in the press release announced on February 12, 2025, titled "Announcement Regarding Acquisition of Treasury Shares," the Company already had decided to acquire treasury shares with the acquisition period being from March 17, 2025 to March 16, 2026, and the upper limit on the purchase price being 70 billion yen. This press release is to announce that today, the Company decided on additional matters concerning the acquisition method and other relevant factors.

Further, under the method of acquisition through ASR, which was proposed by Daiwa Securities Co. Ltd. for the implementation of the acquisition of treasury shares ("ASR Transaction"), in certain cases, Daiwa Securities Co. Ltd. will exercise its stock acquisition rights, in which case the Company must deliver common shares of the Company in response to the exercise of such stock acquisition rights. In such a case, the Company intends to deliver the treasury shares acquired in this share repurchase and cancel the remaining treasury shares.

2. Acquisition Method

The Company will commission the purchase through Tokyo Stock Exchange's off-auction own share repurchase trading (ToSTNeT-3) system at 8:45 a.m. on March 19, 2025, at the closing price of today (March 18, 2025) of 1,152.5 yen, acquiring 70 billion yen worth of treasury shares (no other trading system will be used, and there will be no change to the trading time). This purchase order only will be made during that time.

Daiwa Securities Co. Ltd. is scheduled to place a sell order of 60,737,500 shares for this acquisition, but as explained below, shares obtained from Daiwa Securities Co. Ltd. will be adjusted at a later date using the Company shares so that the actual purchase price will be equal to the average of the

Company shares over a specified period of time (to be explained in greater detail below). As such, the final number of shares acquired may fluctuate.

3. Details of Repurchase

(1)	Type of shares to be acquired	Common shares of the Company
(2)	Aggregate number of shares to be acquired	60,737,500 shares (4.7% of all outstanding shares (excluding treasury shares))
(3)	Aggregate amount of purchase price	69,999,968,750 yen
(4)	Announcement of results	The results of the repurchase will be announced following the transaction at 8:45 a.m.

(Note 1) The number of shares will not change. Depending on market trends and other similar factors, the Company may not go through with some or all of the repurchase.

(Note 2) The purchase will be executed through a matching sell order for the anticipated number of shares to be acquired.

(Reference) Total number of shares outstanding and number of treasury shares as of March 18, 2025

Total number of shares outstanding (excluding treasury shares)	1,289,414,005 shares
Number of treasury shares	103,228,285 shares

4. Accelerated Share Repurchase

The method of acquisition of treasury shares adopted in this case is called Accelerated Share Repurchase ("ASR"), which is a method generally used in the United States.

The Company's goal heading into this repurchase is to ensure that it can acquire 70 billion yen worth of treasury shares within a specified period, and the Company has concluded that the ASR Transaction is the best path for satisfying this need, for the reasons described below.

Among the methods of acquiring treasury shares through market purchases, there are various schemes to acquire treasury shares through regular trading sessions, such as the Company placing individual orders, the use of discretionary account transactions by securities companies, and the use of trust companies. However, when the Company intends to acquire treasury shares in the amount of 70 billion yen, considering the trading volume of the Company shares in the stock market, it is assumed that these methods will require a certain period of time before the completion of the share repurchase. Unlike the method above, when purchase orders are placed under ToSTNeT-3 via agency transactions, the transaction is completed in a day, but depending on the volume of sell orders placed by shareholders, it may not be possible to repurchase the desired amount of treasury shares.

As detailed below, the ASR Transaction will allow the repurchase to be completed in a day. Furthermore, if the sell orders placed by shareholders fall below 70 billion yen, Daiwa Securities Co. Ltd. will issue a sell order for the total amount after borrowing the Company shares, thereby ensuring that the Company will be able to repurchase its treasury shares for the amount equivalent to 70 billion yen.

Please also refer to the information regarding the sell order by Daiwa Securities Co. Ltd. and its affiliates (collectively, "Daiwa Securities Group") which will be announced on the Tokyo Stock Exchange website (https://www.jpx.co.jp/markets/public/short-selling/index.html).

<Outline of the ASR Transaction>

On March 19, 2025, the Company will acquire its treasury shares in an amount equivalent to 70 billion yen, which is 60,737,500 shares at 1,152.5 yen per share, through ToSTNeT-3 (the "Purchase").

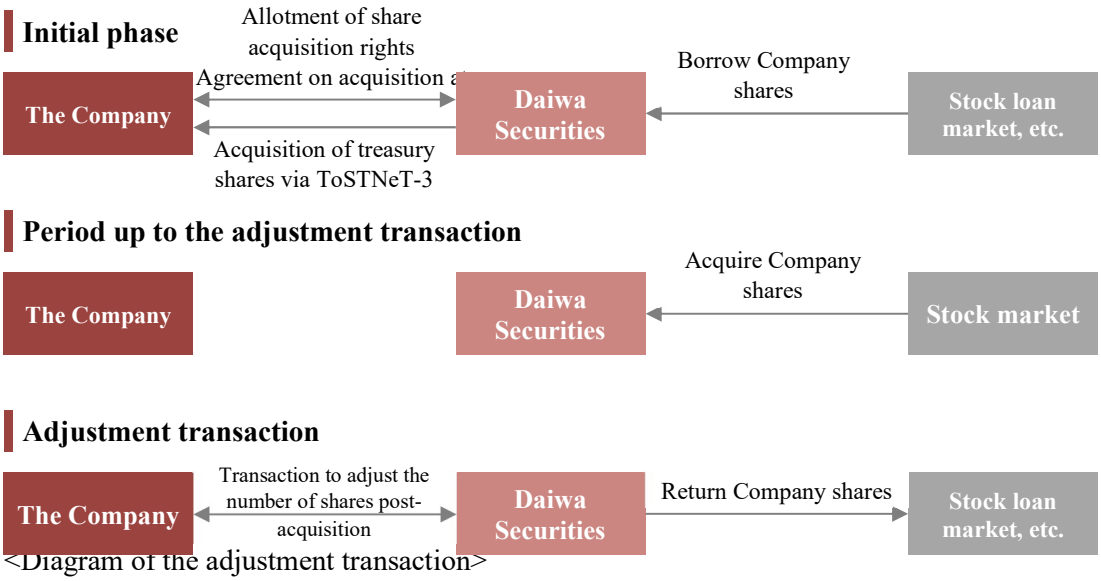
To implement the Purchase, Daiwa Securities Co. Ltd. will borrow shares of the Company and place a sell order. This should enable the Company to acquire the aggregate number of shares to be acquired,

which is 60,737,500 shares, even if the Purchase does not elicit sell orders from the shareholders. Daiwa Securities Co. Ltd. has informed us that it expects to be able to place an order for the sale of 60,737,500 shares by borrowing shares from the market. However, as Daiwa Securities Co. Ltd. will borrow the Company shares after this disclosure, the amount of sell orders by Daiwa Securities Co. Ltd. has not been finalized at this time. Because ToSTNeT-3 prioritizes general shareholders' sell orders over the sell orders of Daiwa Securities Co. Ltd., a financial instruments firm, placed on its account, Daiwa Securities Co. Ltd.'s sell order execution amount will be reduced by the amount sold by general shareholders.

After the sell orders under the Purchase have been executed, Daiwa Securities Group intends to acquire the Company shares through channels both inside and outside the securities market at its own judgement and on its own account in order to return the shares it has borrowed ("Short Cover Transaction").

With respect to the proceeds of the sale of the common shares of the Company by Daiwa Securities Co. Ltd. in the Purchase ("Benchmark Amount"), the Company will enter into a separate adjustment transaction using the Company shares with Daiwa Securities Group (the "Planned Allottee") who is the party to which the stock acquisition rights issued by the Company under the ASR Transaction (the "SARs") will be allotted. Adjustment will be made so that the Company's actual per-share acquisition cost will be equal to the Average Share Price (as defined in the terms and conditions of the SARs). Specifically, it has been agreed that: 1) in the event that the Average Share Price exceeds 1,152.5 yen, upon exercise of the SARs, the Company will deliver the Company shares to the Planned Allottee, the number of which is calculated by deducting (a) the number of shares obtained by dividing the Benchmark Amount by the Average Share Price from (b) the number of the common shares of the Company sold by the Planned Allottee under the Purchase ("Benchmark Number of Shares"), or 2) in the event that the Average Share Price falls below 1,152.5 yen, the Company will acquire the Company shares from the Planned Allottee at no cost, where the number of such shares is calculated by deducting (a) the Benchmark Number of Shares from (b) the number of shares obtained by dividing the Benchmark Amount by the Average Share Price. This adjustment of the number of shares to be acquired will be executed during the period from September 11, 2025 to March 16, 2026 after the completion of the Short Cover Transaction that Daiwa Securities Group determines to be necessary, and a separate disclosure will be made when the number of shares to be acquired has been finalized.

<Diagram of the transaction>



<Diagram of the adjustment transaction>

