May 12, 2026

Press Release

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Announcement on Medium-term Management Plan (FY2026-2030) and Voluntary Adoption of IFRS

Idemitsu Kosan Co.,Ltd (the "Company") hereby announces that our Board of Directors approved our medium-term management plan for the fiscal years 2026-2030. We are pleased to provide an overview of the plan below.

In our previous medium-term management plan (FY2023-2025), with a view to achieving carbon neutrality (CN) and circular society, we established our 2050 Vision, "Shaping Change," as the next step beyond our 2030 Vision, "Your Reliable Partner for a Brighter Future," and have been socially implementing our 3 business domains－"Energy one step ahead," "Diverse resource conservation / circulation solutions," and "Smart Yorozuya."

From a financial perspective, through various measures to improve earnings as well as initiatives such as business reorganization, integration, and structural reforms in collaboration with other companies, we exceeded our targets for operating plus equity income and ROE in fiscal 2025. However, we also recognize that temporary external factors, such as fluctuations in crude oil prices, had a significant impact and that building a stable earnings base and further improving capital efficiency remain key challenges for the future.

Furthermore, the business environment surrounding the company has significantly changed in recent years. Future "uncertainty" is growing increasingly, such as shifts in the timeline for decarbonization like in Europe and in the United States, as well as the emergence of energy security risks, including the recent escalation of tensions in the Middle East. Taking all these factors into consideration, we have formulated a new medium-term management plan covering the fiscal years 2026-2030.

1. Basic Policies

Under the plan, we will maintain our current vision while rebalancing our business strategies in light of increasing uncertainty in the business environment. By strengthening our "earning power" through a more practical approach, we will achieve sustainable growth and address social challenges.

Our basic policies consist of the business strategies "GRIT," "GROWTH," and "CNX," the human capital strategy －"Empower all employees to be the main drivers of transformation" and "More co-creation / innovation"－and the strengthening of the business platform that supports them.

Through the synergy of these three elements－business, human capital resources, and business platform－we aim to achieve an ROE (IFRS basis) of 12% for FY2027-2028, 13% for FY2030, and profit before tax excluding financial expenses of 360 billion yen.

2. Key Strategic Outline

(1) Business Strategy: “GRIT,” “GROWTH,” and “CNX”

By promoting the following three themes across our five segments and through co-creation with partners, we will enhance corporate value and contribute to resolution of social challenges, such as mid-to long-term ensuring security.

■GRIT - Exploiting existing businesses
By persistently strengthening the foundation of our existing businesses such as Petroleum, we will work to maintain a stable supply of energy and materials while maximizing earnings and improving capital efficiency

■GROWTH - Creating Growth Businesses
To achieve sustainable growth, we will leverage our strengths and create new businesses in growing markets, including electrification / ICT and overseas

■CNX - Taking on the Challenge of Low-Carbon and Decarbonization Initiatives
To achieve CN and contribute to mid- to long-term energy security, we will address economic and technological challenges and commercialize low-carbon / decarbonization solutions

(2) Human Capital Strategy: “Empower all employees to be the main drivers of transformation” and “More co-creation / innovation”

We continue to position our human capital strategy as a key pillar alongside our business strategy, based on the philosophy we have upheld since our founding: “Our corporate purpose is to develop people who contribute to society and are respected; our business is merely a means to the purpose.” By embodying and executing the two themes of “Empower all employees to be the main drivers of transformation” and “More co-creation / innovation,” we will drive change—such as strengthening on-site capabilities, promoting co-creation, and enhancing ability to create new value—to advance GRIT, GROWTH, and CNX and achieve sustainable growth.

(3) Business Platform: strengthening our business foundation and promoting value creation

We will build a business platform that supports and accelerates our business operations and human capital. Specifically, we will work to advance data-driven management and business process reforms through the use of data and AI (DX/AX Strategy) and evolve our R&D and commercialization processes through an Innovation Center as a hub for internal and external collaboration (Innovation Strategy).

(4) Investment, Financial, and Shareholder Return Policies

To execute the above strategies, we will invest a cumulative total of 1.8 trillion yen over the FY2026-2030. While vigorously advancing GRIT－our core revenue driver through FY2030－we will steadily execute investments in GROWTH & CNX with an eye toward the period beyond FY2030.

Regarding shareholder returns, we will maintain a total payout ratio of 50% or more of net income excluding inventory impact. Furthermore, we will achieve more stable shareholder returns by introducing a progressive dividend with a minimum annual dividend of 36 yen per share.

(5) GHG Reduction
While target to achieve carbon neutrality by 2050 remains unchanged, to respond flexibly and proactively to

an uncertain business environment, we revised our 2030 CO_2 emissions (Scope 1+2) target to a range of a 30-46% reduction compared to 2013 levels, and our 2040 carbon intensity (Scope 1+2+3) target to a range of a 20-50% reduction compared to 2020 levels.

3. Voluntary Adoption of International Financial Reporting Standards (IFRS)

Finally, we announce that the Company has decided to voluntarily adopt International Financial Reporting Standards (IFRS) with the aim of enhancing the international comparability of financial information and improving group management through the harmonization of accounting standards.

(For Reference) Disclosure Schedule (Tentative)

Time of disclosure	Disclosure documents	Accounting standards
May 2026 (today)	Consolidated Financial Results for the fiscal Year Ending March 31, 2026*	J-GAAP
May 2026	Consolidated Financial Statements for the fiscal Year Ending March 31, 2026	J-GAAP
June 2026	Annual Securities Report for the fiscal Year Ending March 31, 2026	J-GAAP
August 2026	Consolidated Financial Results for the three months ending June 30, 2026	IFRS

*Earnings forecasts for the fiscal year ending March 2027 are disclosed in accordance with IFRS.

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