Medium-term Management Plan
(FY2026–2030)

12 May 2026

Idemitsu Kosan Co.,Ltd.

Securities code: 5019

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.
When we come together and our efforts are united, we make the impossible possible.

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

The Origin of Management

人間尊重

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Mid-term Management Plan (FY2026–2030) Summary

- By strengthening “Growth Power” through the combination of business, human capital, and our business platform, we aim to stably achieve a PBR above 1x and sustainably enhance corporate value

Strategy overview

Business strategy	**GRIT**	Exploiting existing businesses
	GROWTH	Creating growth businesses
	CNX	Staging up low-carbon / decarbonization businesses
Human capital strategy	**Empower all employees to be the main drivers of transformation**	Strengthen on-site capabilities Promote co-creation
	More co-creation / innovation	Enhance ability to create new value
Business platform	Strengthen the business foundation and promote value creation, centered on enhancing management processes through DX / AX*1	

FY2026–2030 cumulative investment amount ¥1,800 bn

Financial targets*2

ROE	**FY2027–2028: 12%** **FY2030: ≥13%**
ROIC	**FY2030: ≥7%**
Profit before tax*3	**FY2030: ¥360 bn**
Total payout ratio	**FY2026–2030: ≥50%** **(Introduction of progressive dividends)**

*1 AI Transformation *2 IFRS standards *3 Excluding financial expenses

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Review of Previous Mid-term Plan (FY2023–2025)

Business Environment for New Mid-term Plan (FY2026–2030)

Review of the Previous Mid-term Management Plan —Overall—

Results of key initiatives

1. Investments in business structure reforms

- **Review of the previous Mid-term Management Plan**
  Due to higher profits from petroleum and functional materials, we achieved operating + equity income and ROE targets. However, temporary factors such as crude oil price fluctuations also contributed significantly
- **Key challenges in the new Mid-term Management Plan**
  Build a stable earnings base and further improve capital efficiency

2. Human capital investments

- **Review of the previous Mid-term Management Plan**
  We set three key themes for our human capital strategy: “Embody management philosophy / vision,” “Deepen DE&I,” and “Bring out the full potential of each individual,” and implemented various measures, including establishing the New Action Guideline
- **Key challenges in the new Mid-term Management Plan**
  Rebuild the human capital strategy linked to business strategy, and further embed and practice the New Action Guideline to drive transformation

3. Evolution of the business platform

- **Review of the previous Mid-term Management Plan**
  We worked on developing DX talent, optimizing and streamlining operations through AI, and enhancing the use of MI + AI in R&D, contributing to company-wide productivity improvements and value creation
- **Key challenges in the new Mid-term Management Plan**
  Promote data-driven management and business process re-engineering through AI, maximize use of the newly established Innovation Center, enhance governance / ERM, and other measures

Indicator*1		FY2025 Target	FY2025 Actual
Operating + equity income (FY2023–2025 cumulative)		**¥230 bn** (¥600 bn)	**¥244 bn (¥769 bn)**
ROE		10%	**10.6%**
ROIC		7%	**6.5%**
Fossil fuel business profit contribution		≤70%	**98%**
GHG reduction	**CO_2 reduction*2**	-46%	**-21%**
	CI*3	-10% (FY2030)	**-0.6% (FY2024)**
Idemitsu Engagement Index (EI)		≥75%	**70%**
DE&I	**Female recruiting ratio**	≥50%	**46%**
	Female ratio in key positions	≥5%	**7%**
	Male ratio taking childcare leave	≥90%	**94%**
Investments in education per employee		≥¥100,000	**¥67,000**

*1 Excluding inventory impact *2 Scope 1+2 *3 Carbon Intensity, Scope 1+2+3

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Review of the Previous Mid-term Management Plan —ROIC by Segment—

	ROIC		Key factors behind ROIC changes
	FY2022	FY2023–2025 average*1	
Petroleum / Basic chemicals	2.3%	**4.9%**	**Further strengthened existing earnings base** ⤴ Improved profitability of the domestic petroleum business ⤴ Increased profits in the overseas petroleum business by leveraging our Pacific Rim trading platform ⤵ Deterioration in earnings due to the structural slump in olefin market conditions **Advanced business structure reforms** ⤴ Terminate refining operations at Seibu Oil and make Fuji Oil a subsidiary
Functional materials	4.5%	**7.7%**	**Expanded high value-added and growth domains** ⤴ Improved profitability through business structure reforms in the lubricants business ⤴ Selection and concentration on existing businesses and optimization of R&D structure ⤴ Strengthened the foundation of the bio-life solutions business, including making AGRO-KANESHO CO., LTD. a subsidiary
Power / renewable energy	0.3%	**-1.9%**	**Deterioration of the business environment and prolonged business structure reforms** ⤴ Improved earnings structure by optimizing sales and the supply-demand balance in the domestic power business ⤵ Lower earnings due to facility trouble and soaring biomass fuel costs ⤵ Sluggish growth in panel sales and EPC orders at Solar Frontier
Resources	17.2%	**17.3%**	**Sustained high ROIC by maintaining stable operations** ⤴ Maximized earnings through stable production at Vietnam, Norway, and Takigami complexes ⤴ Improved capital efficiency by consolidating coal production into the Boggabri Coal Mine and ensuring stable supply ⤵ Deterioration in earnings due to lower coal production volume and higher costs driven by external environment factors

*1 Excluding inventory impact and external environment factors: adjusted for the time lag impact in petroleum and for coal prices (coal prices adjusted to $120/t based on the FY2025 plan assumptions)

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Review of the Previous Mid-term Management Plan —Business Portfolio Transition—

• Promoted social implementation of "3 business domains" toward a carbon neutral (CN) and circular society by 2050

Energy one step ahead



Step-by-step social implementation through cross-company collaboration and policy support

• **Blue ammonia**	Worked jointly with Mitsubishi Corporation to consider participation in ExxonMobil's blue ammonia production project. Considering transforming the Tokuyama Complex into an ammonia base and building a supply system to companies in the Shunan Complex
• **e-methanol**	Promoted initiatives to procure from overseas, including joint investment with JOGMEC in HIF Global. Considering building a hydrogen supply chain and manufacturing synthetic fuels, etc., in Tomakomai
• **SAF**	Considering construction of manufacturing equipment at Chiba / Tokuyama complexes. Worked to build a global supply chain, including investment in Jet Zero Australia and demonstration cultivation of the oil crop pongamia, etc.
• **Biofuel**	Launched "Idemitsu Renewable Diesel" and "Idemitsu Biodiesel 5"
• **Carbon offset fuel**	Launched "Idemitsu Carbon Offset Fuel (ICOF)"
• **Black pellets**	Commenced commercial production of "Idemitsu Green Energy Pellets" in Vietnam

Diverse resource conservation / circulation solutions



Advancing commercialization and expansion by maximizing use of our assets

• **Solid electrolytes for next-generation batteries**	Accelerated the development of materials and manufacturing processes toward commercialization through collaboration with Toyota Motor Corporation, etc. Decided to build large pilot facilities, and pursue business opportunities in related fields, including CVC investment in a Dutch lithium battery solutions company
• **Chemical recycling of used plastics into oil**	Completed construction of the Pyrolysis facility in area adjacent to the Chiba Complex in January 2026

Smart Yorozuya



Steadily expand and implement solutions, and contribute to enhancing the added value of service stations

• **Drive On app**	Strengthened customer touchpoints through official application (over 13 million downloads)
• **One-stop shop for mobility**	Rolled out 24 mobility service specialty stores, "apolloONE," nationwide, including coating and vehicle sales. Strengthen further initiatives, including a strategic business alliance with KeePer Technical Laboratory Co., Ltd.
• **apollostation Type Green**	Rolled out 27 environmentally-friendly SS using locally-sourced wood nationwide

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Business Environment —Macroeconomic Environment—

- The operating environment surrounding our business is transforming markedly amid shifts in politics, the economy, and the environment

Rising energy security risks due to conflicts in the Middle East and Ukraine

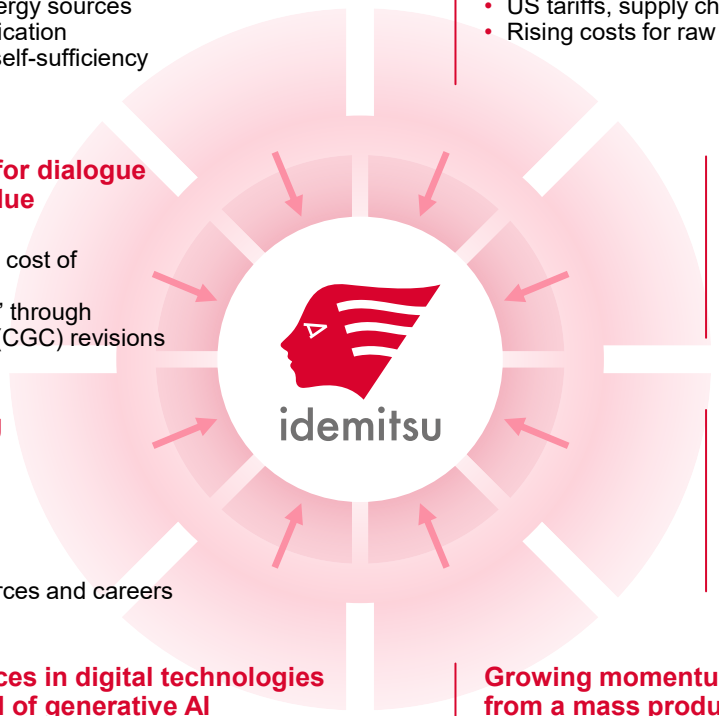
- Broadening energy sources
- Energy diversification and improved self-sufficiency

US policy risks and the progress of global inflation

- US tariffs, supply chain disruptions
- Rising costs for raw materials, transportation, construction, etc.

Calls from capital markets for dialogue on enhancing corporate value

- Management conscious of the cost of capital and stock prices
- Strengthening “Growth Power” through Corporate Governance Code (CGC) revisions



Pushback against decarbonization and a return to fossil fuels, primarily in the US and Europe

- US: withdrawal from the Paris Agreement
- Europe: easing of automobile CO_2 emissions regulations

Declining domestic working population and increasing mobility in the labor market

- Human resources shortages and rising personnel costs
- Diversification of human resources and careers

Signs of a shift in the international order driven by the rise of the Global South

- Shift of production bases from China to India
- Expansion of BRICS influence

Further advances in digital technologies and the spread of generative AI

- Acceleration of electrification / ICT adoption
- Implementation of generative AI, expectations for Artificial General Intelligence

Growing momentum to move away from a mass production, mass consumption economy

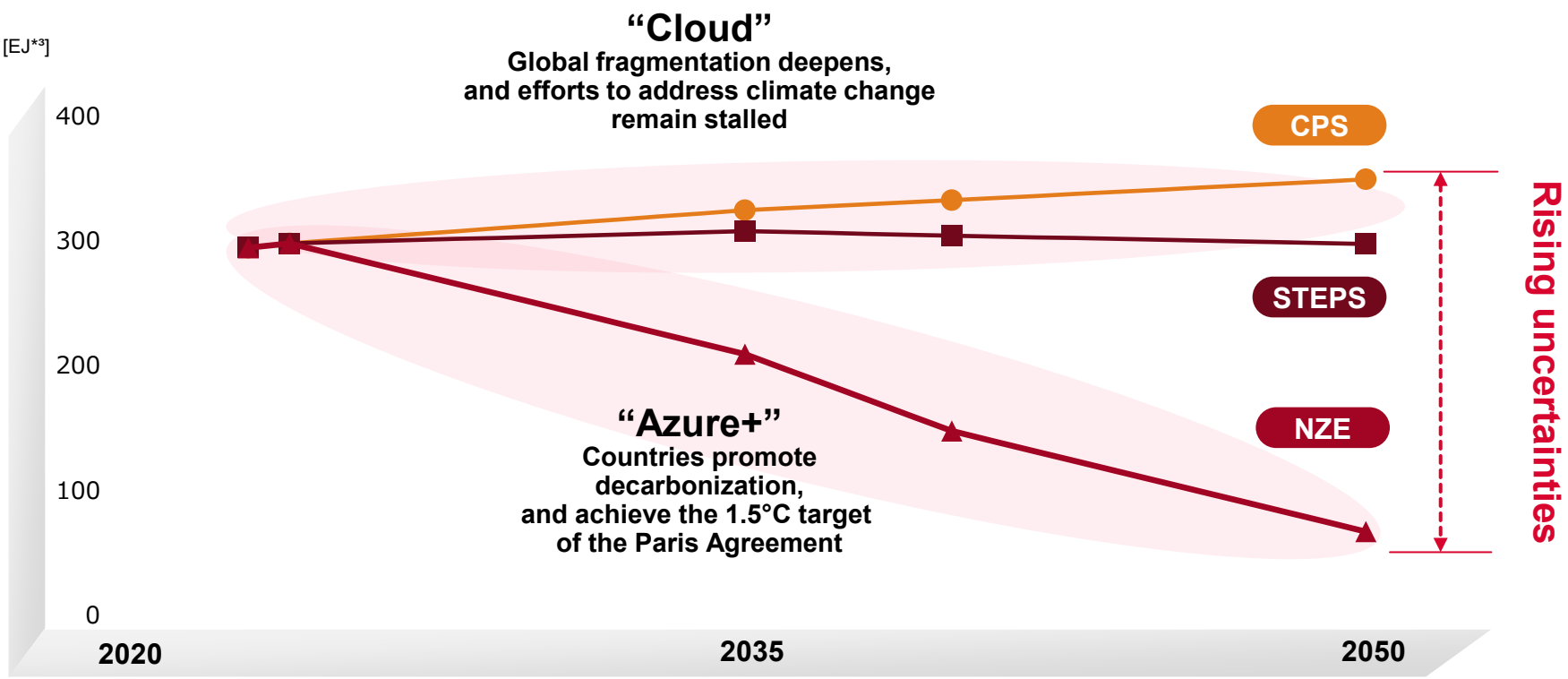
- Global Circularity Protocol (GCP)
- Moves to begin establishing Circular Economy Act in Europe

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Business Environment —Fossil Fuel Demand—

- Fossil fuel demand is heavily influenced by national policies and technological advances, making the long-term outlook highly uncertain

Global fossil fuel consumption*1
(IEA outlook*2)



*1 Prepared by Idemitsu based on IEA, "World Energy Outlook 2025" (fossil fuel consumption is the total consumption of oil, gas, and coal)
*2 CPS = Current Policies Scenario (a scenario that assumes only policies already enacted as laws will continue)
STEPS = Stated Policies Scenario (a scenario that considers, in addition to policies already enacted, specific plans and targets officially announced by governments)
NZE = Net Zero Emissions by 2050 Scenario (a scenario in which net zero emissions are achieved globally by 2050)
*3 EJ = exajoules (10^{18} power joules)

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Mid-term Management Plan (FY2026–2030)

Summary

In Formulating the Mid-term Management Plan (FY2026–2030)

Amid rising uncertainties in the business environment, under the new Mid-term Management Plan, we will rebalance our business strategy and enhance "Growth Power" through a more pragmatic approach to achieve mid- to long-term growth.

- We will strengthen the foundation of our existing businesses, such as petroleum products, whose social importance is being reaffirmed, and persistently work to improve profitability and capital efficiency.
- In domains expected to grow over the mid- to long-term, we will expand the creation of new businesses by leveraging our strengths, including our technological capabilities and networks in Japan and overseas.
- To achieve CN by 2050 and contribute to mid- to long-term energy security, we will stage up low-carbon and decarbonization businesses while carefully assessing timeframes.

We will drive these initiatives across our five business segments and through co-creation with partners, to enhance corporate value and contribute to resolution of social challenges.

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Mid-term Management Plan (FY2026–2030) Outline

2030 vision
Your Reliable Partner for a Brighter Future

FY2030 financial targets*1	ROE	FY2027–2028	FY2030	Profit before tax*2	
		12%	≥13%		¥360 bn

KPI	ROIC	Cumulative investment amount	Total payout ratio (period average)	Transformation leaders (advanced practitioner of Action Guideline)	Idemitsu EI	vs. 2013 CO_2 reduction
	≥7%	¥1,800 bn	≥50%	2,000	80%	-30–46%

Business strategy

GRIT — Exploiting existing businesses

GROWTH — Creating growth businesses

CNX — Staging up low-carbon / decarbonization businesses

Co-creation with partners

Human capital strategy

Strengthen on-site capabilities

Promote co-creation

Enhance ability to create new value

Empower all employees to be the main drivers of transformation

More co-creation / innovation (Deepen DE&I)

Business platform

Build the resilient business platform that accelerates business × human capital strategies

DX / AX*3 | R&D / CVC*3 | Intellectual property | Governance / ERM | Safety / environment / quality | Finance

*1 IFRS standards *2 Excluding financial expenses *3 Corporate Venture Capital

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Business Strategy Policy

- Achieve sustainable growth through the three themes (GRIT, GROWTH, and CNX) and contribute to the resolution of social challenges

Social challenges

Ensuring energy security

Pursuing an optimal balance of S+3E*1

Balancing the low-carbon / decarbonization of energy and economic development (GX)

Rising demand for energy and materials in overseas growth markets, and increasingly complex supply chains

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Diversifying energy and materials needs driven by electrification / ICT

Business strategy for enhancing corporate value

GRIT*2
Exploiting existing businesses

By persistently strengthening the foundation of our existing businesses, 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*3
Staging up low-carbon / decarbonization businesses

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

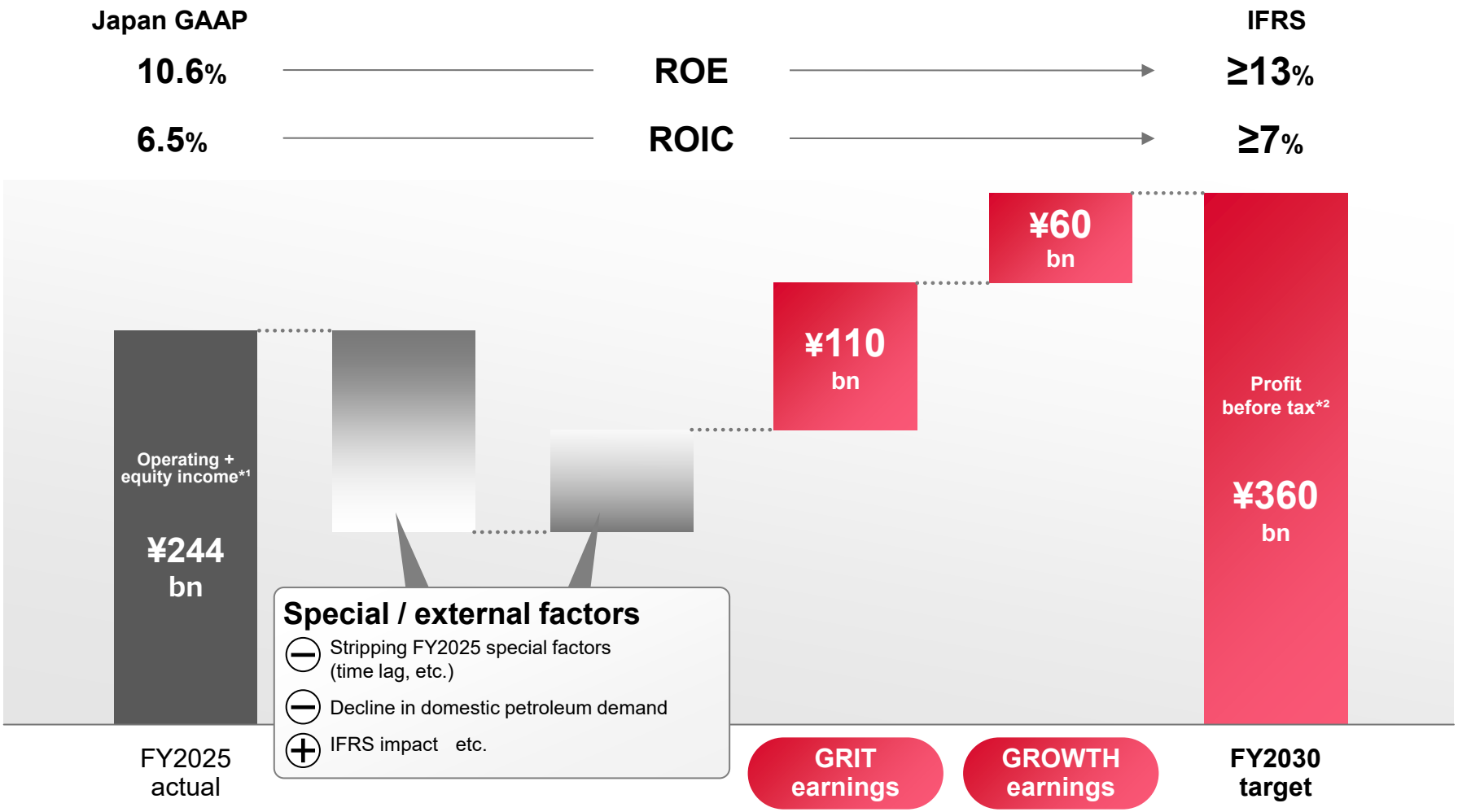
Petroleum	Basic chemicals	Functional materials	Power / renewable energy	Resources

*1 Japan's basic energy policy principle, which aims to achieve energy security, economic efficiency, and environmental sustainability, while ensuring safety as an absolute prerequisite
*2 The power of perseverance garnered through Guts, Resilience, Initiative, and Tenacity
*3 Carbon Neutral Transformation

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Financial Targets (Profit Bridge)

- Through FY2030, expand earnings mainly through GRIT and target ROE of 13% and ROIC of 7% or higher



*1 Excluding inventory impact *2 Excluding financial expenses

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Mid-term Management Plan (FY2026–2030)

Overview and Details

GRIT: Exploiting Existing Businesses

- Persistently strengthen the value chain of existing businesses to achieve both “stable supply” and “high capital efficiency”



Supply stabilization / efficiency improvements

- Ensure stable supply through broadening energy sources [Petroleum]
- Reduce costs through AI-based vessel scheduling and leveled deliveries [Petroleum] [Basic chemicals]
- Ensure stable supply by maintaining refining capacity [Petroleum]
- Ensure safe and stable operations at refineries and complexes [Petroleum] [Basic chemicals]
- Maintain stable operations at oil and gas fields and mines, and improve production efficiency [Resources]
- Stabilize logistics by securing transport personnel, vessels, and vehicles [Common]

Sales expansion

- Maintain dealers and SS networks [Petroleum]
- Optimize pricing in line with market conditions [Petroleum]
- Sales of lubricants for industrial and internal combustion engines [Functional materials]
- Comprehensive energy sales through each business’s customer base [Petroleum] [Power / renewable energy] [Resources]

Business integration / reorganization

- Create integration synergies with Fuji Oil (reduce common costs, optimize procurement and sales) [Petroleum]
- Optimize production capacity by consolidating ethylene units [Basic chemicals]
- Strengthen Prime Polymer’s competitiveness through integration of the polyolefin business [Basic chemicals]
- Create integration synergies between SDS Biotech and AGRO KANESHO (strengthen sales capabilities in Japan and overseas) [Functional materials]

Structural reforms for underperforming businesses

- Improve profitability and capital efficiency, and make withdrawal decisions [Petroleum] [Basic chemicals] [Power / renewable energy]

Profit before tax* (FY2030)

+¥70 bn

+¥40 bn

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* Excluding financial expenses

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Safe and Stable Operations at Refineries, Complexes, and Refining Companies

- Aim to stably achieve utilization rates* of 90% or higher through measures that accelerate and advance existing initiatives

Ongoing initiatives

Safety management
Strengthen on-site implementation of process safety management

Operations management
Enhance / advance human capital development by strengthening education and training

Facility management
Improve reliability by reviewing damage factors and critical facilities

By FY2030
Target
90% or higher

Acceleration and advancement measures



Promote the use of digital technology
Advance / improve efficiency of operations through in-house developed maintenance work support system and AI agents



Investments to improve utilization rates
Invest to prevent troubles and minimize opportunity losses in the event of an outage, and strengthen partnerships with partner companies to ensure reliable maintenance execution



Strengthen on-site capabilities
Establish staffing structures to enhance risk awareness and expand development opportunities, and create an environment that promotes skills transfer



Vertical / horizontal collaboration between the Head office and on-site
Drive the rollout of best practices on-site through the Head office team

FY2023–2025
3-year average utilization rates*
86%

* Utilization rates excluding scheduled turnarounds (BSD basis)

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Maintain Dealers and SS Networks

- By enhancing apollostation's brand value, and expanding customer touchpoints, we will evolve into a one-of-a-kind SS that continues to be supported by local communities, while maintaining a network of approx. 1,100 dealers and 6,000 SS nationwide





Further strengthen the apollostation brand

- Deploy a new VI* and new brand system to strengthen the connection between Idemitsu and apollostation and increase brand awareness
- Strengthen user communication by leveraging apollostation's new character "Apochan"

Further enhance customer touchpoints

- By further expanding services on Idemitsu's official Drive On app, provide one-stop support for customers' smart mobility lives
- Leverage the strengths of approximately 6,000 SS nationwide to provide high-quality mobility services needed in each community

Support structure

On-site support structure provided by **eight branches nationwide and functional group companies** + **a mobility service expert team**

* Visual Identity (a generic term for all designs related to a company's brand)

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Structural Reforms for Underperforming Businesses

- Promote structural reforms for businesses facing challenges, and make decisions on business restructuring based on earnings / financial conditions

Overview and direction of key businesses facing challenges

Nghi Son Refinery (NSRP)



- The government and sponsors have worked closely together, achieving positive operating income for five consecutive years (excluding inventory impact)
- With stable high-capacity operations continuing, no losses are expected to be recorded in the consolidated financial statements during the Mid-term Management Plan period
- Advance measures to improve earnings, including diversifying crude oil procurement sources, aiming for an early return to positive net income and sustained profitability from FY2030 onward

Basic chemicals



- While promoting initiatives to optimize production capacity, including consolidation of ethylene plants, near-term earnings improvement has been delayed due to worsening market conditions
- Continue optimizing cracker capacity to stabilize earnings in the olefin business
- Pursue higher added value by strengthening competitiveness in derivative products and building a resource circulation chain

Power / renewable energy



- While a certain level of earnings improvement initiatives has been achieved mainly in domestic businesses, the structural reforms are becoming prolonged
- Expand domestic earnings through stable operation of power plants and increased sales, leveraging our networks
- At Solar Frontier, plan an early return to profitability by advancing cost structure reforms, including workforce optimization, and shifting resources to the high-profitability / high-growth EPC business
- For overseas businesses, advance selection and concentration strategies so as to improve earnings and reduce invested capital

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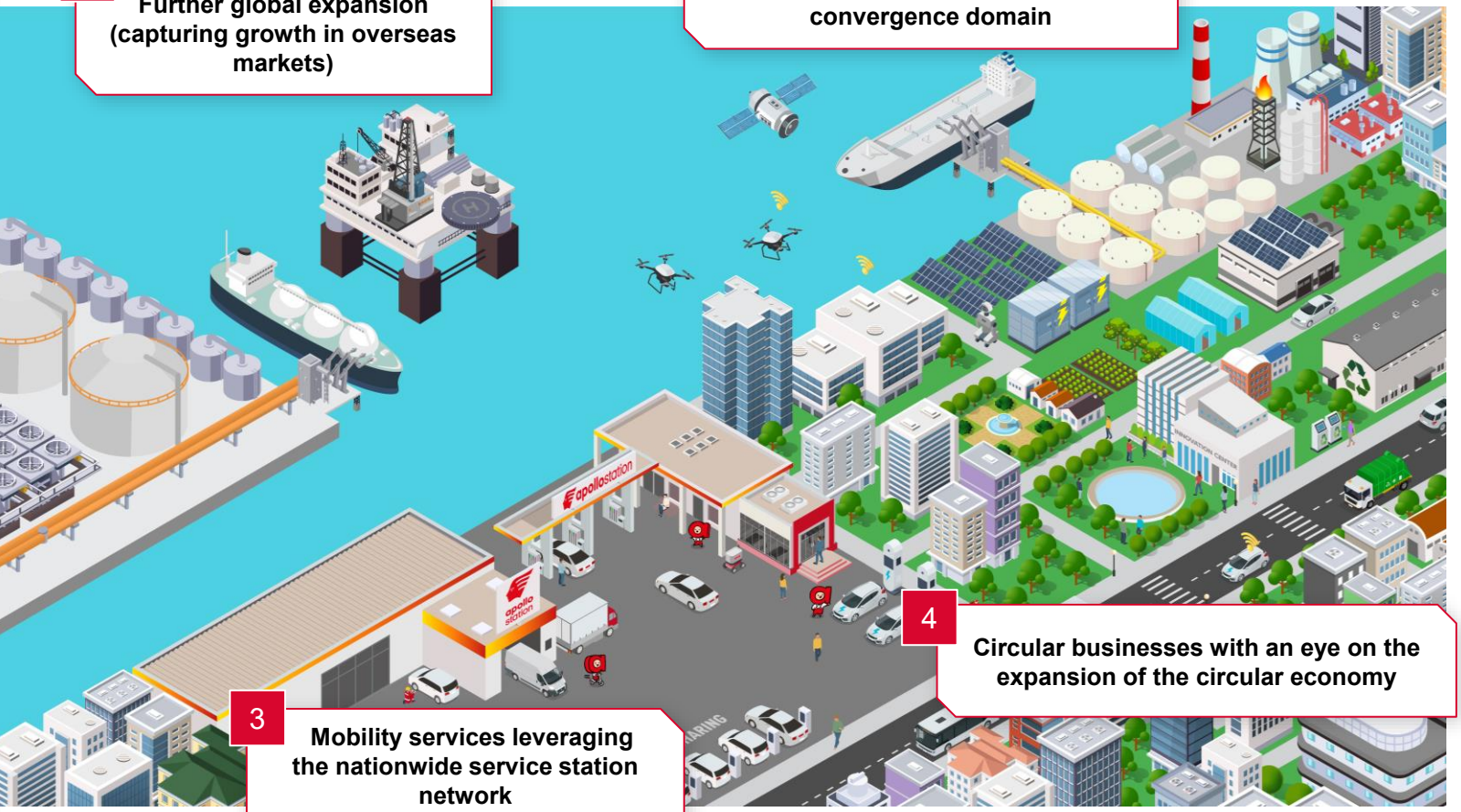
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GROWTH: Creating Growth Businesses

- With an eye on sustainable growth, we will promote the creation and expansion of businesses in growth areas such as electrification / ICT, and overseas markets

1 **Providing key materials and solutions in the electrification / ICT convergence domain**

2 **Further global expansion (capturing growth in overseas markets)**



3 **Mobility services leveraging the nationwide service station network (Smart Yorozuya)**

4 **Circular businesses with an eye on the expansion of the circular economy**

Profit before tax* (FY2030)

+¥60 bn

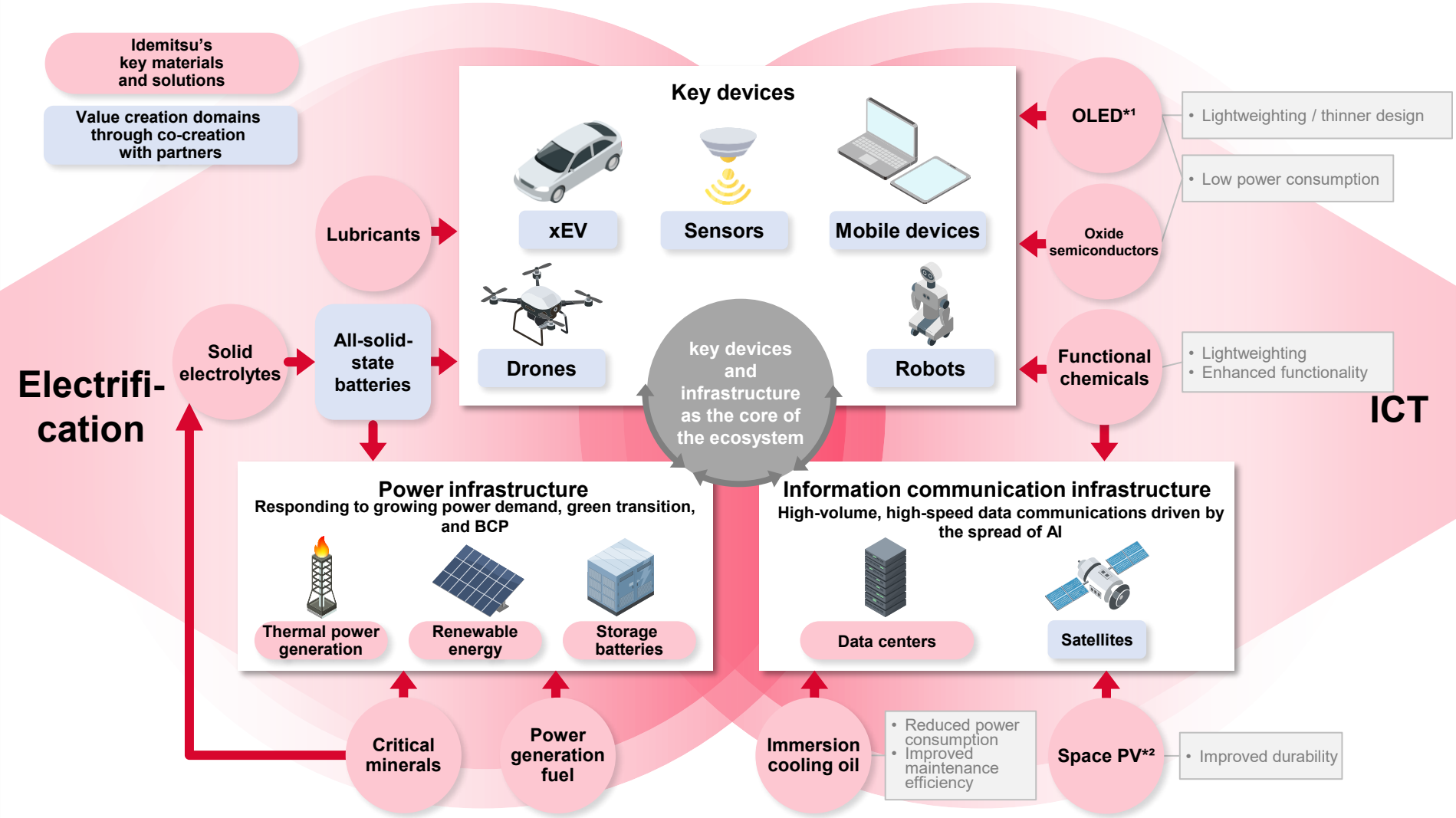
Expand further thereafter

* Excluding financial expenses

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Electrification / ICT —Overview—

- Provide material solutions that are key to advancing the ecosystem in the electrification / ICT convergence domain



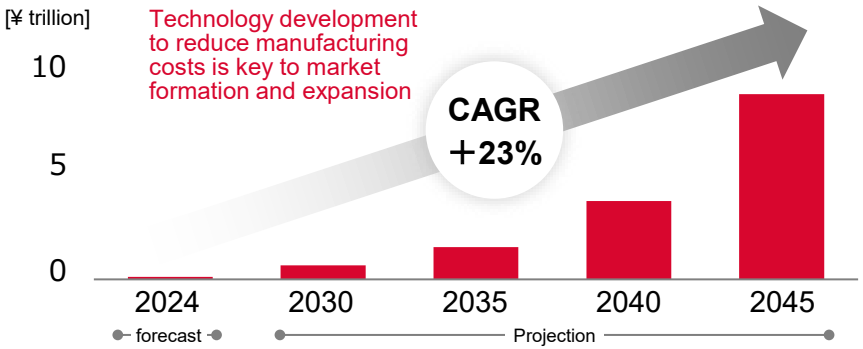
*1 Organic Light Emitting Diode *2 Space photovoltaics (space solar power generation)

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Electrification / ICT —Lithium Solid Electrolytes—

- Advance initiatives toward commercialization of lithium solid electrolytes, which are expected to grow rapidly as next-generation battery materials

Assumed market size of all-solid-state batteries*



Our strengths

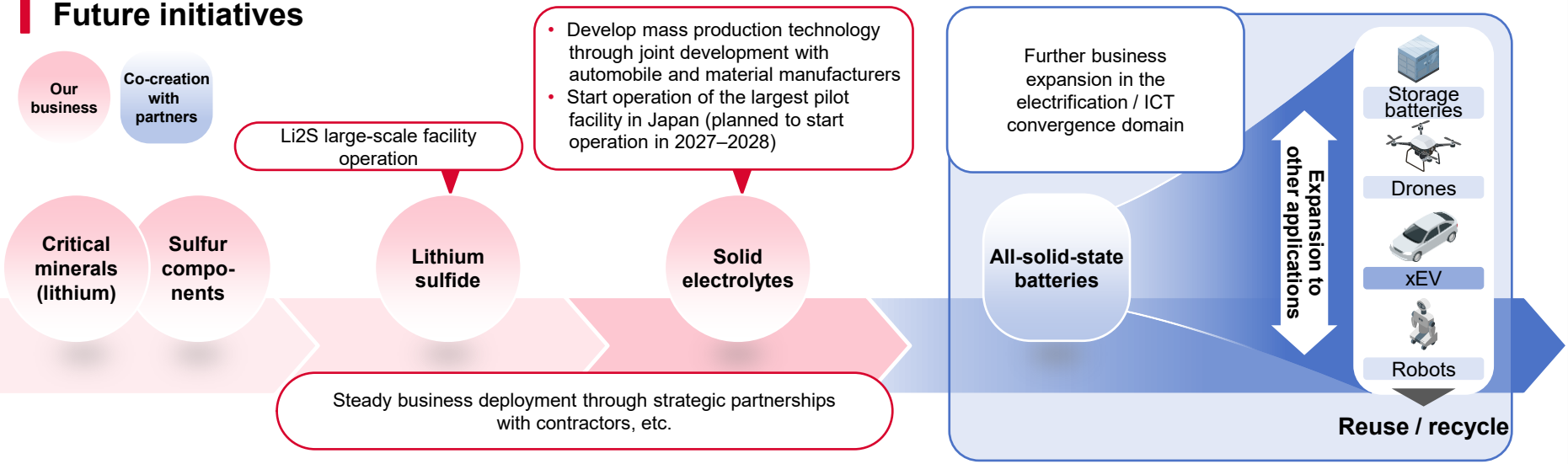
Integrated value chain

Build an integrated value chain from raw materials to products, covering critical minerals, sulfur components, lithium sulfide, and solid electrolytes, to achieve high cost competitiveness

Expertise in handling sulfur component and fine particle

Leverage sulfur component handling know-how cultivated through petroleum refining and high-purity lithium sulfide manufacturing technologies, etc., to drive efforts toward technology development and mass production

Future initiatives



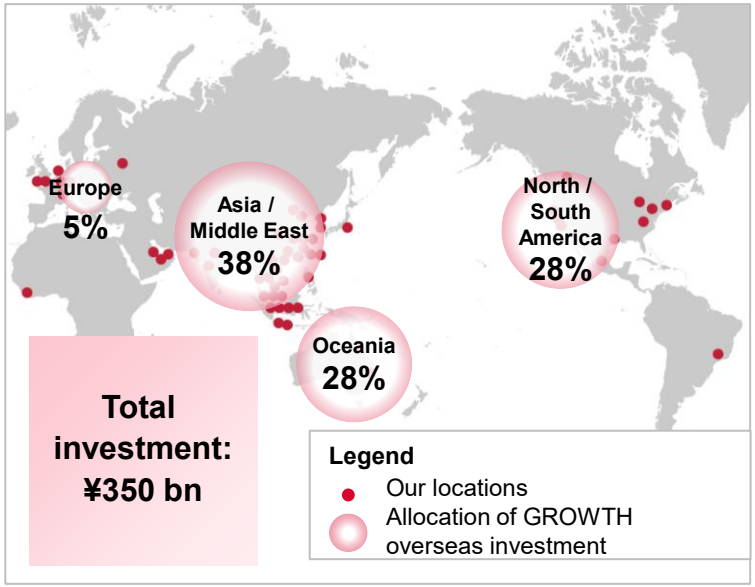
* Prepared by Idemitsu based on Fuji Keizai, "2025 Complete Overview of Next-Generation Battery-Related Technologies and Markets" (production value of all-solid-state batteries)

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Further Global Expansion —Overview—

- Leverage our networks and strengths to accelerate business development tailored to the characteristics of global growth markets

Our global locations and future initiatives by region



	Cross-regional initiatives	
North / South America	• Further strengthen the fuel oil business, including trading • Enter LNG business • Expand sales of lubricants for industrial and internal combustion engines • Deploy farmer-focused solutions	• Enter North American gas trading business • Expand sales of immersion cooling oil for data centers
Asia / Middle East		• Expand sales of polymer modified asphalt • Expand sales of petrochemical products • Strengthen the upstream gas business • Expand sales of refrigerating machine oil (Asia and the Middle East)
Oceania		• Produce metallurgical coal in Australia • Advance the critical minerals business in Australia
Europe		• Startup investment

Our strengths globally

- Robust fuel oil trading platform in the Pacific Rim
- Technical capabilities and partnerships with local companies in Southeast Asia in highly functional paving materials
- Strong networks with automotive OEMs and a global customer base built through our lubricants business
- Product portfolio and proposal capabilities for agri-bio products tailored to customer needs
- Coal supply chain and operational expertise in Australia (exploration, development, and production)

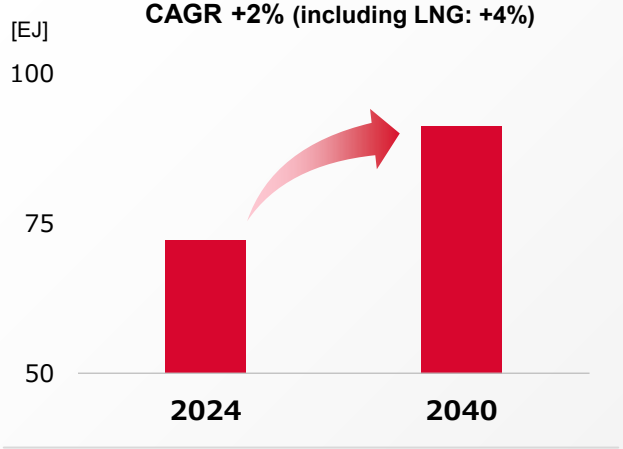
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Further Global Expansion —Gas and LNG—

- Capture a broad range of market opportunities across the supply chain through upstream expansion, entry into LNG, and gas trading

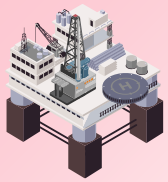
Gas / LNG market environment

Global natural gas final consumption projections*



- As a practical solution toward low-carbon / de-carbonization and ensuring energy security, natural gas / LNG is increasingly valued worldwide
- Against the backdrop of rapid population growth and economic development, demand growth is particularly pronounced in Asia
- Driven by rising power demand related to AI and data centers, the gas / LNG market is also expanding in North America

Future initiatives



Expand the upstream natural gas business (exploration, development, and production)

- Expand exploration and development of gas fields in regions such as Southeast Asia by leveraging our capabilities and capitalizing on our track record in both Vietnam and Norway



Enter LNG businesses

- Invested in MidOcean Energy, which holds a global business portfolio, in March 2026
- Acquire upstream interests and trading / marketing opportunities



Promote natural gas trading business

- Expand natural gas trading business, including supply for data centers
- Create business development opportunities by building networks with partners

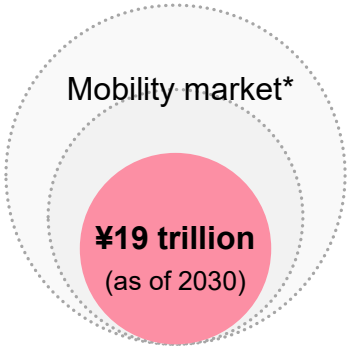
* Prepared by Idemitsu based on IEA, "World Energy Outlook 2025," and other external data

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Mobility Service (Smart Yorozuya)

- Starting with car body care and maintenance, strengthen customer touchpoints through both physical and digital channels, and build a one-stop mobility services business

Mobility industry market environment



- The vehicle distribution and car care markets are estimated at ¥19 trillion
- The rise in vehicle usage years assumes long-term ownership, accelerating the expansion of the car care market and the shift from ownership to usage
- Shortages of mechanics and repair shops are becoming the norm

Our strengths and vision

Physical



Nationwide SS network of approx. 6,000 locations
Human resources and governance that support high-quality service delivery

Digital

Drive On

Mobility-related app with 4 million monthly active users

Future initiatives

Evolve from refueling SS to mobility service hubs

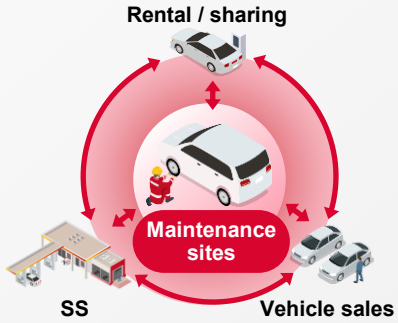
Expand the car body care business

- Strengthen partnership with KeePer Technical Laboratory
- Accelerate rollout of coating and car washing specialty stores



Strengthen the vehicle provision business

- Build a maintenance network (people, locations, skills) that complements the SS network
- Expand services through collaboration with companies such as rental, car sharing, and used car sales operators



Strengthen customer touchpoints by leveraging our digital platform

- Leverage customer and vehicle data obtained through physical touchpoints to provide the optimal services at optimal timing for each customer



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* Of the mobility market, the size of the target market we aim for during the Mid-term Management Plan period (estimated by Idemitsu)

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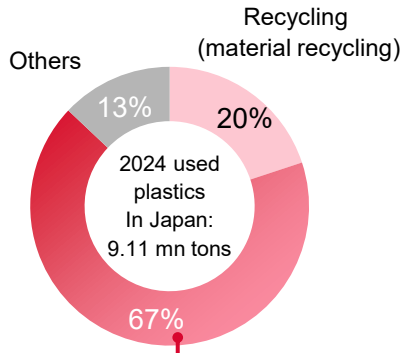
Circular Business (Chemical Recycling of Used Plastics)

- Build a resource circulation business model leveraging existing assets, and newly capture the growing market demand for recycled plastics

Market environment

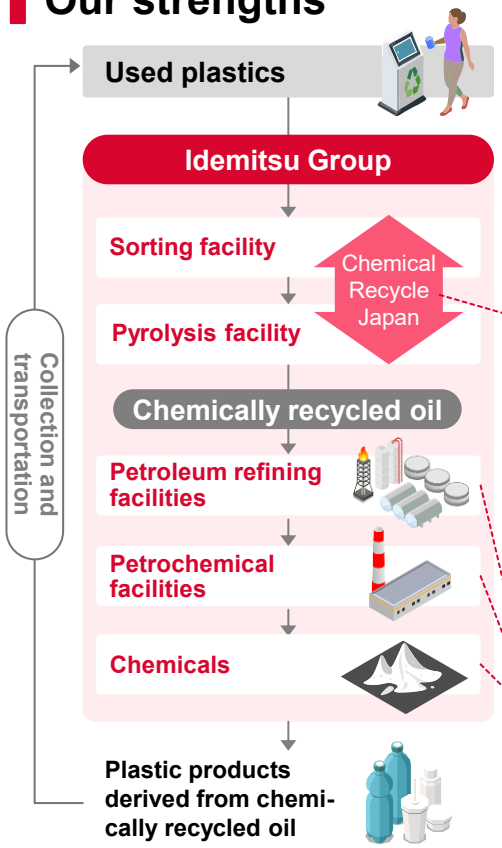
Market environment for recycled plastics*1

- Regulations promoting a circular economy are expanding in Japan and overseas, driving demand for recycled plastics
- Chemical recycling technology enables the recycling of used plastics that were previously unrecyclable



Chemical recycling raw material target:
6.08 million tons / year (67%)

Our strengths



Ability to handle diverse raw materials, efficiency, and scalability

- Efficiently convert diverse raw materials derived from PE / PP / PS into oil
- Process both industrial and general waste
- Expand processing capacity in line with demand



Chemical Recycle Japan Co., Ltd. Ichihara Complex*2 (processing cap.:20,000 tons / year)

Enhance added value by leveraging the existing value chain

- Leverage petroleum refining and petrochemical assets
- Supply plastic raw materials tailored to customer needs (Prime Polymer, PS Japan)

Future initiatives

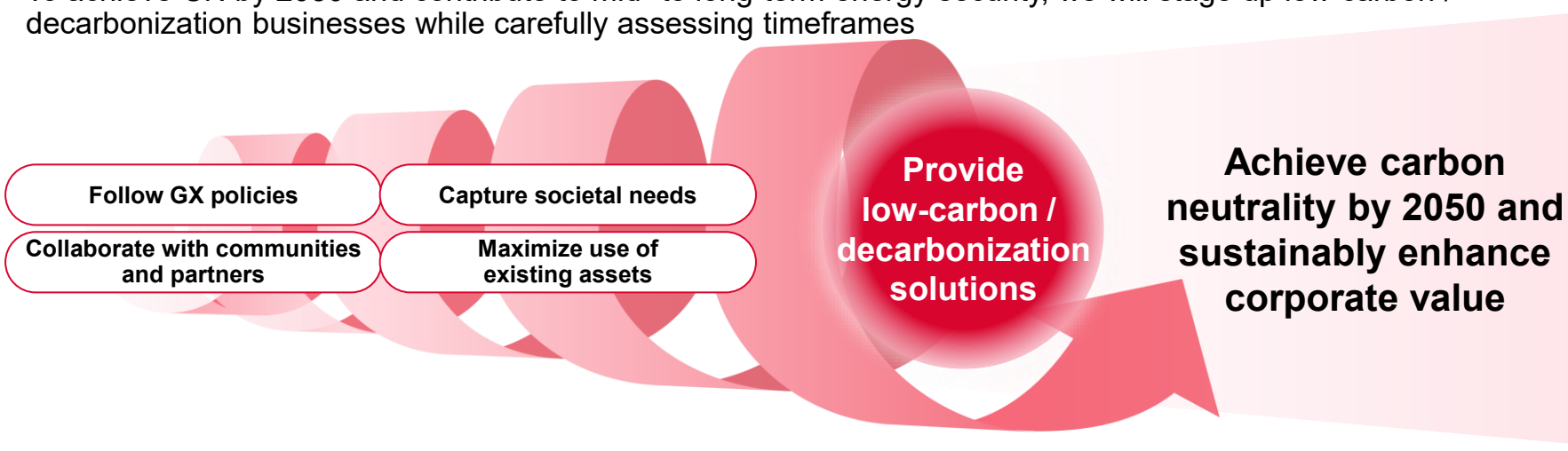
Maximize operation of the chemical recycling facility which started commercial operation in April 2026
Further expand the business in Japan and overseas in line with demand growth

*1 Compiled by Idemitsu based on Plastic Waste Management Institute statistics *2 Image has been partially processed

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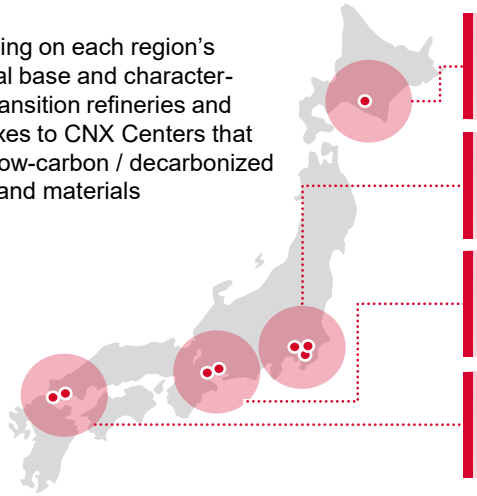
CNX: Staging up Low-Carbon / Decarbonization Businesses

- To achieve CN by 2050 and contribute to mid- to long-term energy security, we will stage up low-carbon / decarbonization businesses while carefully assessing timeframes



CNX Center Concept

Depending on each region's industrial base and character-istics, transition refineries and complexes to CNX Centers that supply low-carbon / decarbonized energy and materials



	Regional characteristics	Solutions
Hokkaido	• Abundant renewable energy resources, track record of large-scale CCS demonstration • Demand for liquid fuels in cold regions where alternatives are limited	CCS, Hydrogen, Synthetic fuels
Chiba Toa Fuji	• Demand for low-carbon / decarbonization at one of Japan's largest industrial complexes • Infrastructure in major metropolitan areas (international airports, circular resources)	Hydrogen / ammonia, Bio (incl. SAF), Circulation
Aichi Yokkaichi	• Concentration of high-value-added industries with Japan's largest shipment value • Demand for low-carbon / decarbonization through multi-industry collaboration	Hydrogen / ammonia, Bio (incl. SAF)
Tokuyama Seibu	• Petrochemical complex aiming for low-carbon / decarbonization through wide-area collaboration • Existing assets and properties	Hydrogen / ammonia, Bio (incl. SAF), Technology demonstration

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Deployment of Low-Carbon / Decarbonization Solutions Toward FY2030

- Advance low-carbon / decarbonization and diversification of energy and materials while addressing diverse scenarios and needs

Solution	Key initiatives toward FY2030
Renewable energy	• Develop geothermal energy and maximize its value • Secure diverse renewable energy sources and promote decarbonization proposals leveraging non-fossil value
Bio-fuels / chemicals	• Reinforce SAF supply structure (diversifying feedstocks, domestic manufacturing, overseas sourcing) • Expand sales of bio-diesel and bio-fuel oil (Idemitsu Renewable Diesel, Idemitsu Biodiesel 5, etc.) • Grow black pellet sales (Idemitsu Green Energy Pellets) • Build a supply network for bio-chemicals • Address introduction of direct bioethanol-blended gasoline
Hydrogen / ammonia	• Build hydrogen and ammonia supply systems (domestic green hydrogen production, overseas procurement, development of domestic ammonia supply hubs)
Synthetic fuels	• Stepwise social implementation of synthetic fuels (creating demand, domestic production, overseas procurement)
Offset products	• Expand supply of offset fuels (Idemitsu Carbon Offset Fuel)
Offset / Negative emissions	• Social implementation of CCS (Tomakomai) • Create carbon credits through AWD*1, forest carbon sequestration, etc.

*1 AWD: Abbreviation for Alternate Wetting and Drying, an initiative to reduce GHG (methane) through intermittent irrigation

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Human Capital Strategy —For Realizing Sustainable Growth—

- To achieve the FY2030 financial targets and realize sustainable growth, we will roll out a new human capital strategy to drive transformation

Achieve the FY2030 financial targets / realize sustainable growth

Human capital strategy

Strengthen on-site capabilities

Promote co-creation

Enhance ability to create new value

Empower all employees to be the main drivers of transformation



More co-creation / innovation
(Deepen DE&I)



Business Strategy

GRIT / GROWTH / CNX

Investments ¥1,640 bn

Business platform

Data-driven Management / business process reforms

Investments ¥160 bn

Dramatically enhance productivity

Current position

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Human Capital Strategy Outline

Key items	Inputs / actions	Outputs	Changes in activities	Outcomes
Empower all employees to be the main drivers of transformation		**Human capital KPIs 2030 targets**		
Maximize all employees' engagement and sense of individual growth 	• Allocate the right people in the right roles and provide optimal learning opportunities	Idemitsu EI 80%	**Strengthen on-site capabilities** Improve quality and technical capabilities Improve productivity Improve and deepen operations	**FY2030 financial targets** **Profit before tax*2 ¥360 bn** **ROE: ≥13%**
Unite all employees under the Action Guideline 	• Expand career development support • Promote understanding and penetration of the Action Guideline	The Action Guideline penetration rate 95%		
	• Identify and develop transformation leaders who put the Action Guideline into practice at an advested level	Number of employees who practice the Action Guideline at an advanced level 2,000	**Promote co-creation** Facilitate intra-group collaboration Increase decision-making speed	
More co-creation / innovation (Deepen DE&I) **Develop diverse transforma-tion leaders** 	• Develop human capital and appoint diverse talent with an eye on overseas business growth	Overseas subsidiary ratio with NS*1 in management 80% Female ratio in key positions 10%		**Realize sustainable growth**
Create fields where diverse talent can thrive 	• Further enhance initiatives to promote women's empowerment in the workplace • Promote young talent and expand opportunities for senior employees to play active roles	Female recruiting ratio Administrative 50% Technical 20% Paternity leave uptake rate 90%	**Enhance ability to create new value** Accelerate development of new / overseas businesses Increase M&A / external collaboration	

*1 National Staff *2 Excluding financial expenses

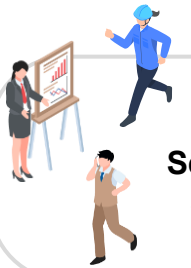
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Action Guideline as the Foundation of the Human Capital Strategy

Management Philosophy "Truly inspired" *

Action Guideline

A "guidepost" for transformation, a common language for employees and management



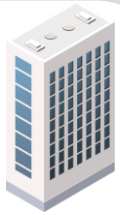
Employees

Serve as an anchor for day-to-day actions and take responsibility for transformation



Management

Drive transformation while indicating the direction



Increase human capital who practice the Action Guideline and accelerate transformation



Unite all employees under the Action Guideline

Develop diverse transformation leaders



* Looking ahead to the new Mid-term Management Plan, we established the Action Guideline in FY2025 that embodies our Management Philosophy, "Truly inspired."
By linking it with the human resources systems (recruitment, development, evaluation, job rotations, etc.), we have established a mechanism that encourages employees to put the Action Guideline into practice

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DX / AX Strategy

• Accelerate business strategy and human capital strategy by advancing management processes through the use of AI

Develop the DX / AX foundation

Accelerate Mid-term Management Plan strategies through DX / AX

Data



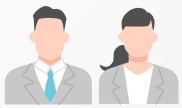
- BPR, plus structuring and centralizing company-wide data
- Visualize human capital skills and thinking / behavioral traits

Systems



- Shift from a data platform to an integrated AI utilization platform
- Strengthen data governance and cyber security

Human capital



- Develop 450 DX experts
- Strengthen personnel exchange between business and IT divisions

Data-driven management

Business decisions / execution through the use of data and AI

- **Optimize marketing and maximize customer value through the effective use of customer data across the Idemitsu Group**
- **Place and develop human capital based on business and human capital data**
- **Utilize market, technology, and competitor data strategically**

Business process reforms

Redesign and automate processes with AI agents

- **Develop materials using MI / AI**
- **Establish supply chain management that can respond swiftly to environmental changes**
- **Ensure safe and stable operations and maximize earnings through AI-based predictive monitoring, etc.**
- **Replace standard tasks with AI and allocate human capital to high value-added work**

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Innovation Strategy (R&D / CVC)

- With the Innovation Center as a hub, we will bring together internal and external technologies. Taking the lead, we will drive co-creation with the world's best partners to solve social challenges and create value

Innovation Center (tentative name) (scheduled for completion in March 2028 / within the Chiba Complex) *1





- Consolidate laboratories for production technology, development technology, and other functions currently spread across multiple sites
- Build an end-to-end structure from R&D through commercial production
- Aim to build a cross-business R&D structure and strengthen external collaboration

Solve social challenges and create value

Growth domains that capture mid- to long-term environmental changes



Other companies
Joint business development

Academia
Joint research

Improve the likelihood and speed of commercialization through internal / external co-creation with the Innovation Center as a hub

Startups
Investments and technological alliances

Government
Leverage collaboration / support

Cross-segment
Integration of technologies / assets

Key initiatives to promote internal / external co-creation

Advance the MI*2 environment ⇄ **Develop research talent**

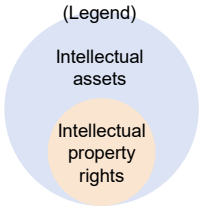
*1 Design, etc. may be subject to change *2 Materials Informatics

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Intellectual Property Strategy

- Support corporate value maximization through the “defense” and “offense” of our overall intellectual assets

<Until now> Protect and utilize intellectual property rights



Exclusivity-driven approach

- Build barriers to entry by monopolizing technology
- Aim to maximize earnings on a standalone basis

⇒ Primarily focused on strengthening existing businesses

Management centered on intellectual property rights

- Manage patent portfolio
- Handle intellectual property related contracts

Patent rights | Trademark rights

Patent tasks handled by personnel

- Handle conventional patent tasks
  - Patent / trademark filings, rights establishment
  - Freedom-to-operate searches, clearance
  - Develop patent specialist talent

<Going forward> Diverse strategies targeting overall intellectual assets

Offense — Implement diverse IP strategies

- Implement the open & closed strategy (protection / reciprocal use with partners)
- Partner search and strategy formulation through IPL*
- Diversify utilization of IP (turn know-how into solutions, etc.)

⇒ Contribute to strengthening existing businesses + growth businesses

Defense — Strengthen IP risk management

- Visualize overall intellectual assets, assess potential risks
- Build a high availability management system

Patent rights	Know-how	Customer information	Trade secrets
Trademark rights	Technical data	Contracts	Brand

Foundation — Fully utilize AI, and develop IP management talent

- Replace conventional patent tasks with AI
  → Reallocate resources to high value-added work
- Develop IP management talent with business development / planning experience

* IP landscape: When formulating business strategy or management strategy, conduct analysis that incorporates IP information into business and management information, and share the analysis results (overview of the current situation, future outlook, etc.) with business leaders and management

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Governance and ERM

• Advance governance and risk management functions to enhance “Growth Power”

Deepening corporate governance

■ Board functions

- Review board composition based on skill / career matrix and optimize member balance
- Revise submission criteria and pre-review processes for board deliberations
- Expand programs to enhance our business understanding for outside directors and auditors

■ Global corporate functions

- Strengthen support by overseas functional subsidiaries in identifying local legal and regulatory risks as well as tax risks, and promoting the creation of business opportunities

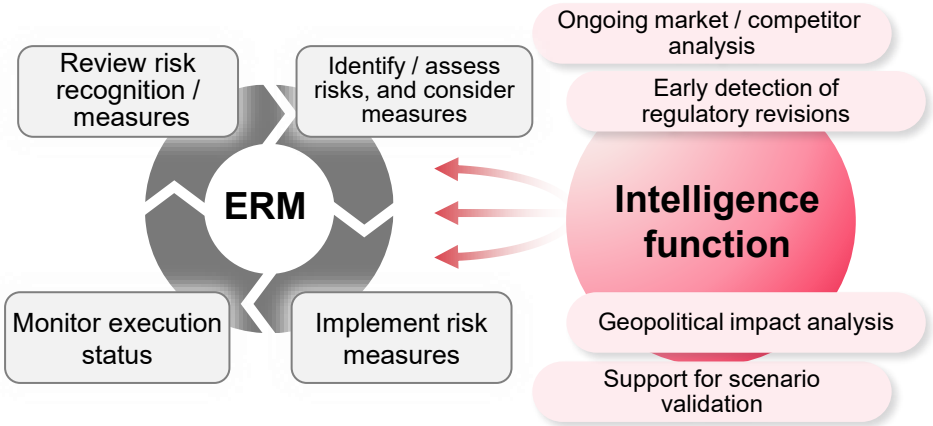
■ Executive driving function

- Utilize the Advisory Board* to deepen management strategy discussions and accelerate execution
- Advance investment deliberation and stage-gate management

Improving decision-making quality through enhanced ERM

■ Responsiveness to uncertainty

- Utilize scenario analysis to increase strategic flexibility
- Strengthen market and regulatory intelligence to support appropriate investment decisions
- Assess geopolitical risks to strengthen the basis for business continuity



* An advisory council to the President, comprising external specialists who provide expert management advice

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Safety, Environment, and Quality Management

- Build a robust business foundation through further improvement of safety, environment, and quality management systems

Strengthen safety, environment & quality foundations

Key Initiatives

- Comprehensive hazard management for risk reduction
- Safety management with partner companies
- Response to severe natural disasters
- Strengthening quality compliance

Improve risk identification & response by business

Key Initiatives

- Timely risk identification by division through safety, environment, and quality indicators, and continuous improvement for risk reduction

Strengthen company-wide response to environmental changes

Key Initiatives

- Human resource development in safety, environment, and quality fields
- Strengthening company-wide KPI management for safety, environment, and quality

Advance disaster response through the Safety & Security

Safety & Security Advisory Committee



(incl. external experts)

Report

Inquiry

Board of directors / president

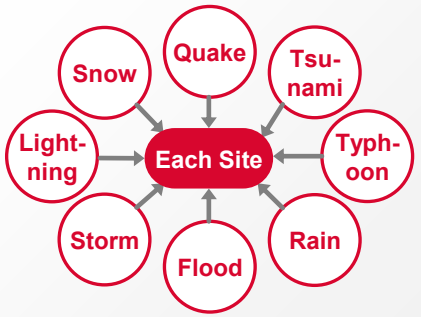
Establishment of "Natural Disaster Risk Management Guidelines"

Leverage external expert insights

Production & logistics sites

Promote disaster countermeasures at each site per guidelines

Assess and address diverse natural disasters tailored to each site

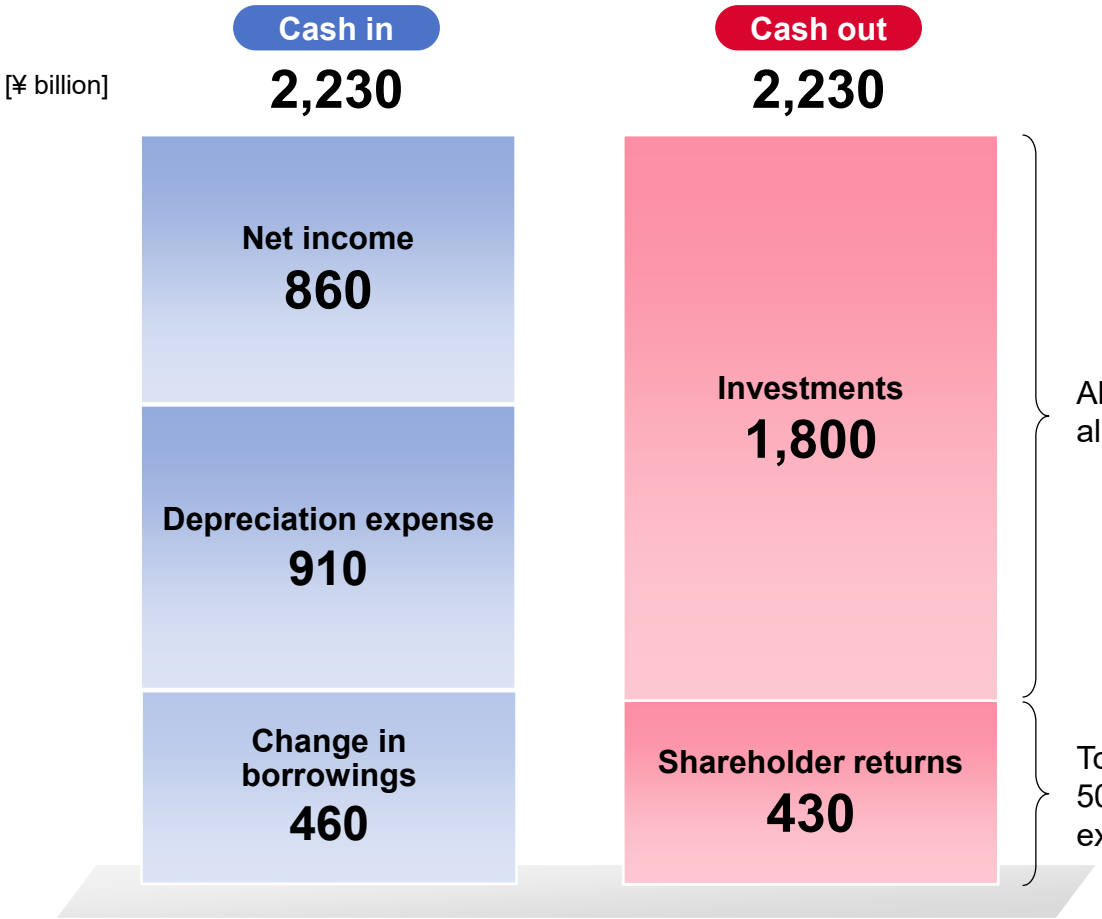


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Cash Allocation

FY2026–2030 (five-year cumulative)

[¥ billion]



Maintain financial discipline in the A credit rating range

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Investment Plan

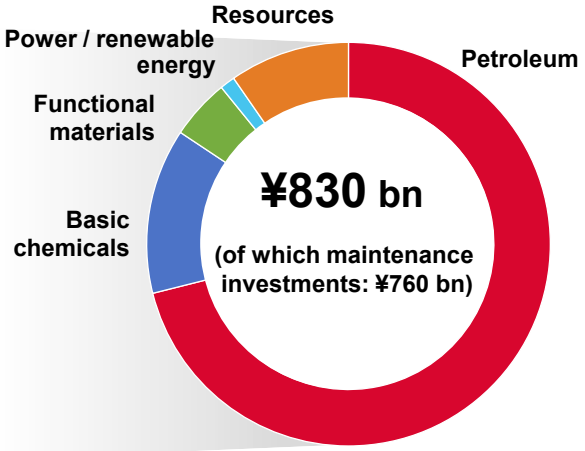
Cumulative investment for FY2026–2030:

¥1,800 bn

Of which:

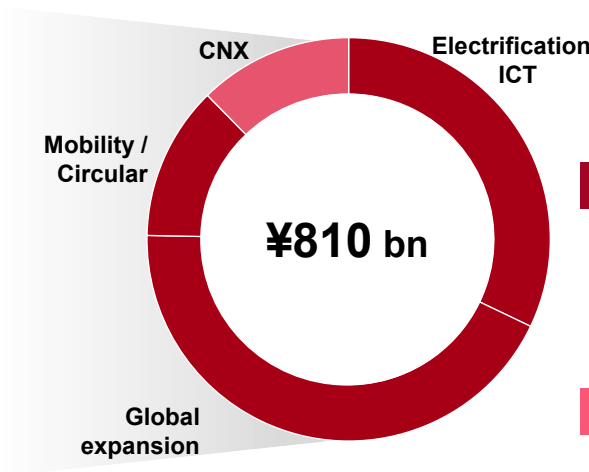
Maintenance investments: ¥870 bn

GRIT



- **Petroleum: ¥590 bn**
  Allocate approx. 70% of total GRIT to the petroleum business
  Increase maintenance investments by approx. 30% vs. the previous Mid-term Plan to achieve stable operation
- **Basic chemicals: ¥110 bn**
  Achieve stable operation through increased maintenance investments
- **Functional materials: ¥40 bn**
  Enhance competitiveness of functional materials through strengthening production and development foundations
- **Power / renewable energy: ¥10 bn**
  Stabilize power plant operations through increased maintenance investments
- **Resources: ¥80 bn**
  Achieve stable operation at existing coal mines and gas fields

GROWTH & CNX



GROWTH

- **Electrification / ICT: ¥260 bn**
  Provide key materials and solutions centered on solid electrolytes
  Functional materials | Power / renewable energy | Resources
- **Global expansion: ¥350 bn**
  Strengthen overseas trading, expand the gas / LNG business, etc.
  Petroleum | Functional materials | Resources
- **Mobility / Circular: ¥100 bn**
  Develop new business models leveraging existing assets
  Petroleum | Basic chemicals

CNX

- **CNX: ¥100 bn**
  Develop CN solutions such as ammonia, SAF, and synthetic fuels
  Petroleum | Resources

Business platform

¥160 bn
(of which maintenance investments: ¥110 bn)

Digital investments and other corporate: ¥160 bn
Enhance management processes through investments in DX / AX
Strengthen internal and external co-creation through establishment of new Innovation Center, etc.

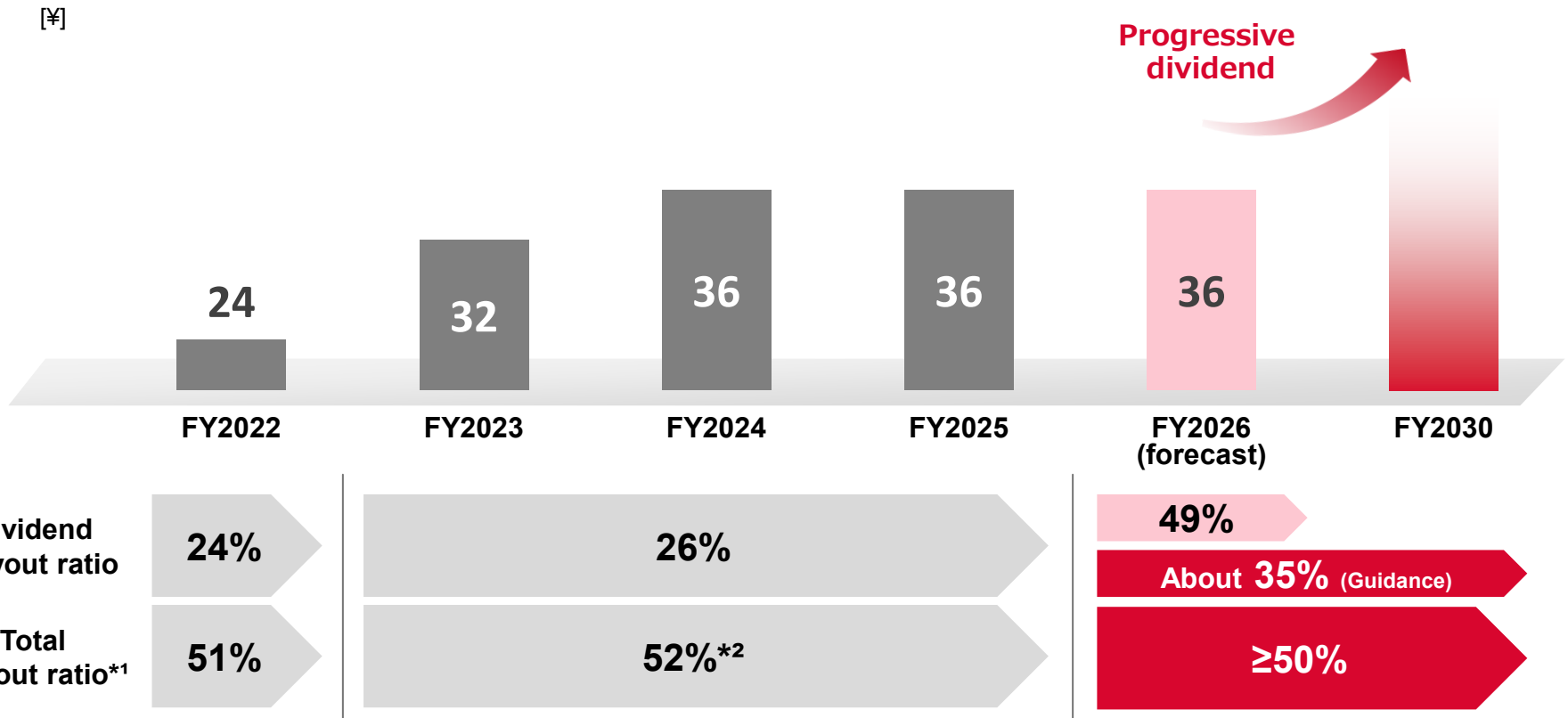
* Excluding IFRS impact

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Shareholder Returns

- Achieve more stable shareholder returns by **increasing the allocation to dividends** while maintaining **a total payout ratio of 50% or more**[*1].
  * For FY2026, dividend per share is currently expected to remain flat due to negative time lag, etc.
- Introduce **a progressive dividend** with a minimum annual dividend of ¥36 per share.

Trends in annual dividend per share



*1 Total payout ratio based on net income excluding inventory valuation effects
*2 Additionally, we executed ¥100 billion in share buybacks in FY2024

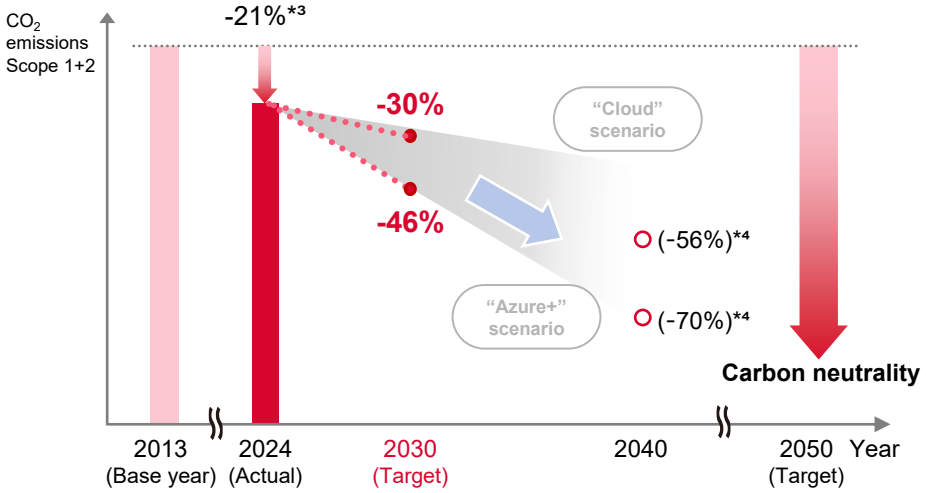
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GHG Reduction Targets

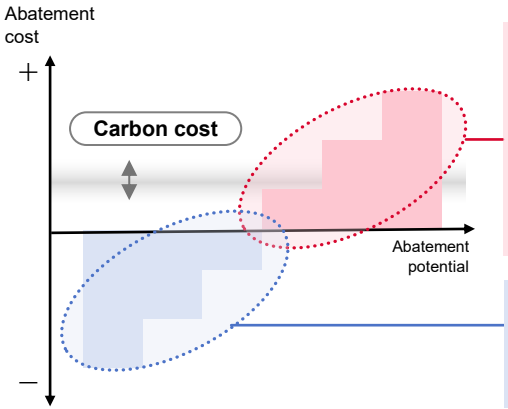
- In response to rising uncertainties, we have revised our targets. Going forward, while responding flexibly and with agility to changes in the business environment, we aim to achieve both carbon neutrality by 2050 and corporate growth

	CO_2 emissions*1 (Scope 1+2)	Carbon Intensity (CI)*2 (Scope 1+2+3)
GHG Reduction	**2030: -30–46% reduction (vs. 2013)** **2050: carbon neutrality**	**2040: -20–50% reduction (vs. 2020)**

Scope 1+2: CO_2 emissions



Scope 1+2 CO_2 reduction measures (example)



- Decarbonize energy used at complexes
- Transition to zero-emission electricity
- Purchase credits
- CCUS

- Energy conservation (operational improvements / investments)
- Consolidate manufacturing facilities

Implement measures in light of social conditions and policy trends

Examples of CI reduction measures

- LNG
- Renewable energy
- Biofuel
- Hydrogen and ammonia
- Synthetic fuels
- Idemitsu Green Energy Pellets
- Tree planting, CCUS, etc.

*1 CO_2, which accounts for approximately 99% of the Company's GHG emissions, is adopted as the target *2 Indicator of CO_2 emissions per unit of energy supplied *3 Figures revised in accordance with the GHG Protocol
*4 -70%: CO_2 emissions equivalent to the 2040 NDC (Nationally Determined Contribution), -56%: CO_2 emissions for item (5) (existing) technological progress scenario in the Agency for Natural Resources and Energy's "Outlook for Energy Supply and Demand in FY2040" (February 2025)

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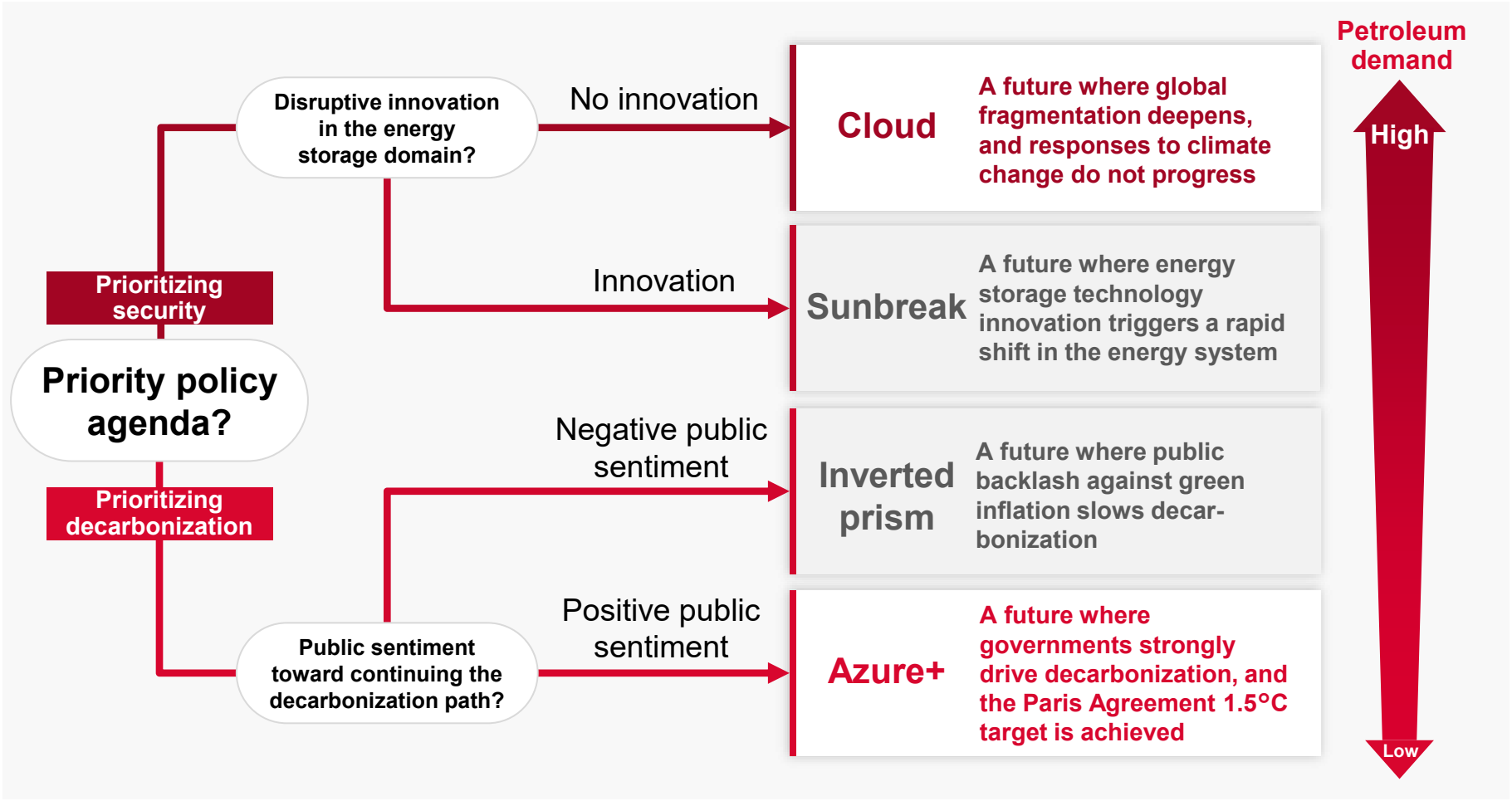
Inspiring the future with energy and materials.

In this era of increasing uncertainty, each employee of Idemitsu Kosan will work tirelessly to ensure stable supplies of energy and materials. And as ***Your Reliable Partner for a Brighter Future***, we will harness the expertise we have cultivated and continue expanding our business domain to take on the challenges of tomorrow.



Appendix

Business Environment Scenarios —Overview—



[Scenario scope] Timeframe: until 2050, Regions: Japan and the Asia-Pacific region, Domains: energy-related areas

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Assumptions

Item		Unit	FY25 Actual	FY26 Plan	FY27 Plan	FY28 Plan	FY30 Plan
Crude oil	Dubai	$/BBL	71.8	81.3	65.0	65.0	65.0
Coal	Australian spot	$/t	105.4	126.1	115.0	120.0	130.0
Foreign exchange	USD	JPY/USD	150.7	151.3	150.0	150.0	150.0
Basic chemicals: Spread on Asian products	Paraxylene	$/t	259	269	300	300	330
	Styrene monomer	$/t	330	327	350	375	425

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Profit by Segment

Profit Before Tax Excluding Financial Expenses

[¥ billion]

Segment	J-GAAP	IFRS			
	FY25 Actual*	FY26 Plan	FY27 Plan	FY28 Plan	FY30 Plan
Petroleum	207	105	190	212	225
Basic chemicals	-7	-30	3	5	23
Functional materials	33	32	43	41	62
Power / renewable energy	-2	4	10	13	14
Resources	33	45	47	48	74
Other	-21	-16	-38	-44	-38
Total	244	140	255	275	360

* Operating + Equity Income (excluding inventory impact)

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Financial Targets (ROIC by Segment)

• Promote GRIT, GROWTH, and CNX in each segment to achieve both higher ROIC and growth investments

[¥ billion]

Segment*1	FY2025 (Japan GAAP)			FY2028 (IFRS)			FY2030 (IFRS)			Key factors behind ROIC changes (FY2030)
	NOPAT	Invested capital	ROIC	NOPAT*2	Invested capital (IFRS impact)	ROIC	NOPAT *2	Invested capital	ROIC	
Petroleum Basic chemicals	*3660	2,120	**3%**	161	2,410 (+210)	**7%**	183	2,460	**7%**	• Strengthen the petroleum supply chain • Strengthen the overseas trading platform • Reform the basic chemicals business
Functional materials	235	290	**8%**	30	370 (+15)	**8%**	45	460	**10%**	• Promote M&A in advanced materials domain • Increase overseas lubricants sales
Power / renewable energy	55	210	**3%**	10	100 (+5)	**10%**	10	90	**11%**	• Promote selection of and concentration on overseas businesses • Improve earnings at Solar Frontier
Resources	*3280	210	**13%**	35	390 (+23)	**9%**	48	450	**11%**	• Expand the gas / LNG business • Develop metallurgical coal and critical minerals
Others	-13	0	**-**	-26	300 (-140)	**-**	-22	300	**-**	• Invest in Lithium solid electrolyte / CNX / Digital • Reduce costs through consolidated procurement • IFRS impact
Total	110	2,830	**4%**	210	3,570 (+113)	**6%**	264	3,790	**7%**	

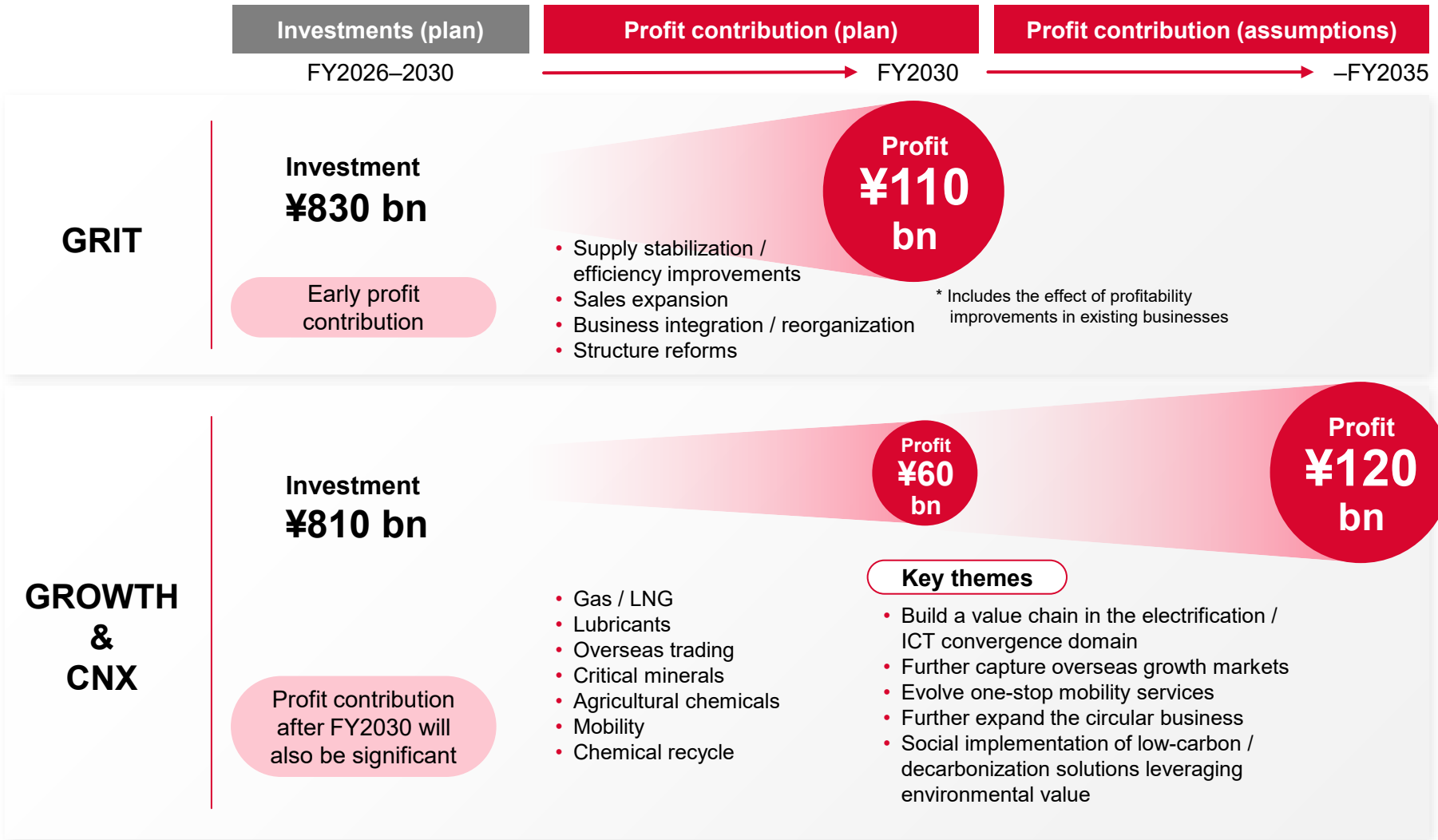
*1 Due to a review of segment classification, the bitumen business is recorded in functional materials in FY2025 and in petroleum from FY2026 onward
*2 Profit after tax excluding finaicial expenses
*3 Excluding inventory impact and external environment: adjusted for the time lag impact in petroleum and for coal prices (coal prices adjusted to $120/t based on the FY2025 plan assumptions)

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Investment Returns

- GRIT to deliver early profit contribution, promote GROWTH / CNX with profit contribution from FY2031 onward, also in view



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Balance Sheet Impact of IFRS Adoption

- With the adoption of IFRS, liabilities increase by approx. ¥260 billion, and total equity decreases by approx. ¥430 billion
- As this impact is the result of a change in accounting standards, adjustments to the balance sheet will be made in line with IFRS standards and there will be no impact on PL

Key changes

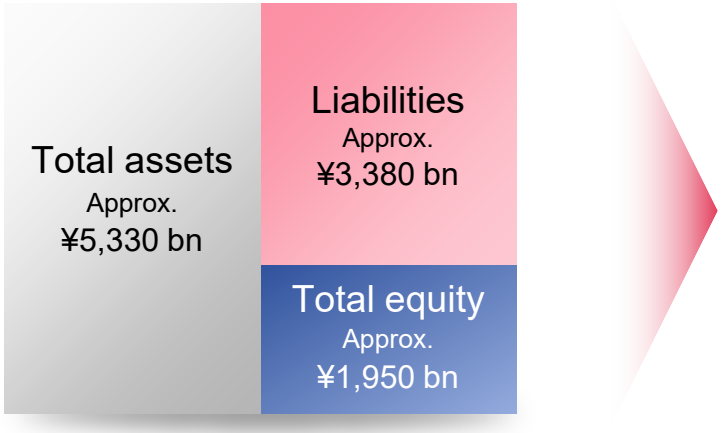
Liabilities

- **Recognition of lease liabilities +¥260 bn, etc.**

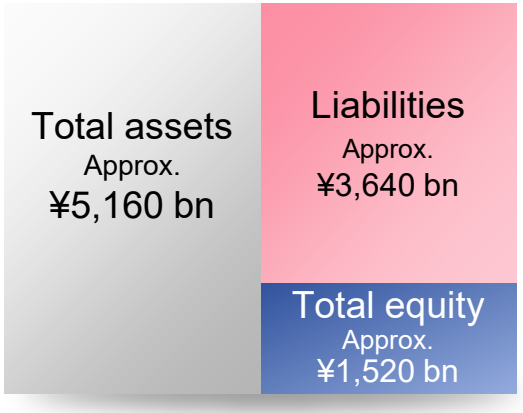
Total equity

- **Review of land valuation: -¥320 bn**
  (Mainly the impact of changing the book value of land that was revalued in the past based on the Act on Revaluation of Land)
- **Recognition of a provision for the NSRP outstanding completion guarantee balance: -¥110 bn**
  (Under Japan GAAP, an impairment loss on receivables has already been recorded based on the business value assessment of NSRP. Recording an equity-method investment loss would result in double-counting of losses and was therefore considered unnecessary. Under IFRS, in addition to the impairment loss on receivables, recording an equity-method investment loss is also required. However, since loss recognition is limited to the total of investments, long-term loans, and debt guarantees, an additional provision is recorded for the outstanding completion guarantee balance that was not provided for under Japan GAAP)
- **Goodwill impairment at the time of the integration with Showa Shell Sekiyu: -¥90 bn, etc.**
- **Accounting change for periodic repair expenses, etc.: +¥90 bn**

End of FY2025 (Japan GAAP)



End of FY2025 (IFRS)*



-¥430 bn vs. J-GAAP

* FY2025 year-end IFRS figures are unaudited/provisional and will be disclosed in the Q1 FY2026 earnings release.

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Action Guideline

	Action Guideline	Definitions
Basic Attitudes	Complete Sense of Ownership	Willingness to take ownership of matters in which you are involved, as well as the responsibility for completing them
	Constant Desire for Growth	Willingness to self-reflect every day, always learning and growing
	Deep Regard for Sincerity and Mutual Trust	Willingness to empathize with all involved, both inside and outside the Company, offering respect and supporting their potential
Competencies	Take on New Challenges Boldly	The ability to set high goals and take on challenges continuously, unconstrained by precedent and undeterred by failure
	Think Thoroughly and Make Confident Decisions	The ability to think from a multifaceted perspective, then make timely decisions with confidence and conviction
	Overcome Differences	The ability to listen and understand another's position, then find a workable solution that allows you to move forward
	Empower People	The ability to recognize the potential of all people, then leverage their capabilities to the fullest

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Creating Forums for “Practicing the Action Guideline” and “Co-creation and Innovation”

- The “Idemitsu Employee Association”* proactively takes the lead in organizing the following two forums

“Forum for direct dialogue between management and employees”

Host town hall meetings and continue dialogue centered on the Action Guideline (a common language for employees and management).
Through this, each employee deepens understanding of management policies and the direction of transformation, and links it to practicing the Action Guideline (= realization of transformation).



2025 town hall meeting



“Forum for collaboration and co-creation”

Through diverse events, create connections that go beyond organizational boundaries, strengthen collaboration, and promote co-creation and innovation creation.

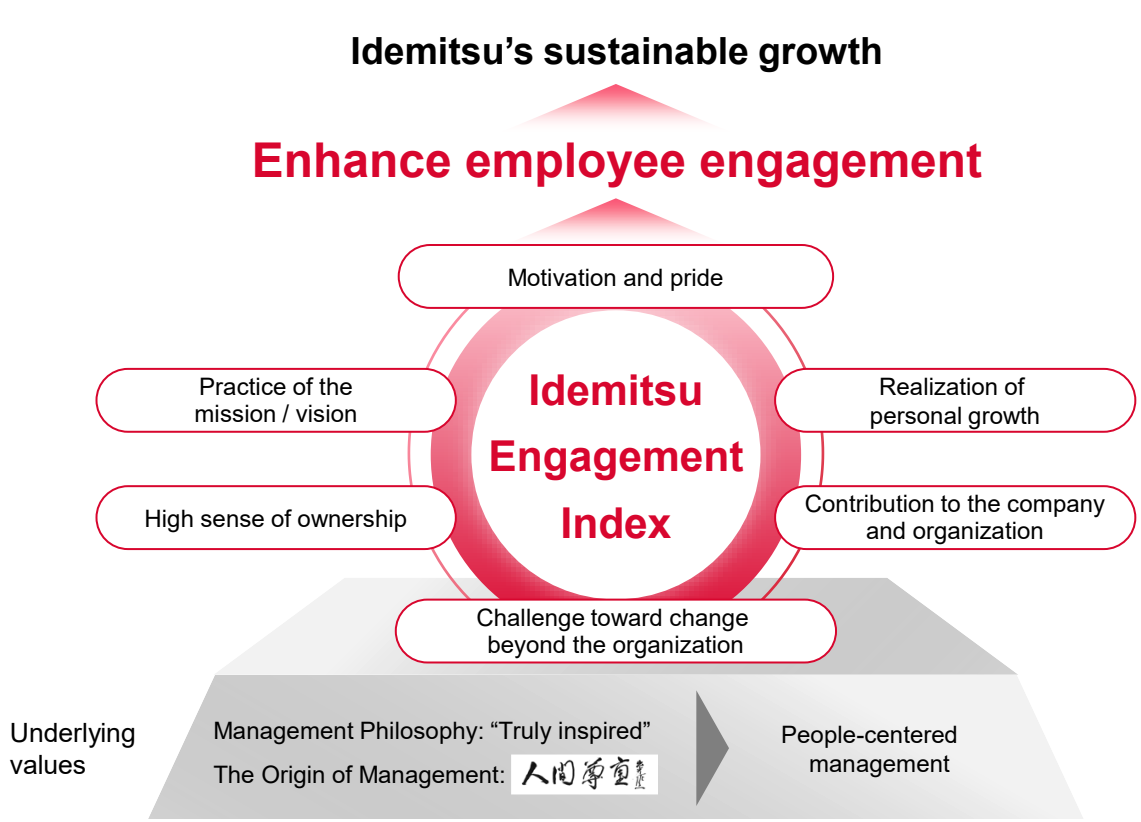
* Idemitsu Employee Association

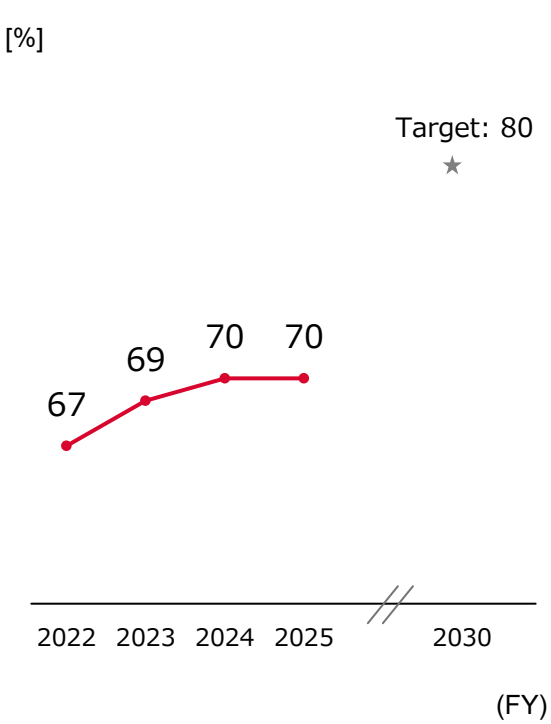
In FY2024, we established the “Idemitsu Employee Association.”
With the goal of providing forums where each employee can participate in discussions to create a better company and organizational culture, it carries out its activities.

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Idemitsu Engagement Index (Idemitsu EI)

- Calculated from the scores of specific questions in the engagement survey (the composition of questions is not disclosed)
- A “comprehensive index” that measures improved engagement and sense of growth, alignment between the Company’s direction and one’s role, and the degree to which the Management Philosophy and core values are embedded and embodied
- Gradually increasing since FY2022, when calculation began. Aim for a further leap in this Mid-term Management Plan





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GHG Reduction Initiatives —Examples—

Reduction scope	Examples of initiatives
Scope 1+2 reductions	• Optimize production through consolidation of ethylene plants in the Chiba area • Build and charter six next-generation environmentally friendly VLCCs in 2026–2029 (methanol dual-fuel, LNG dual-fuel, ammonia-ready vessels) • Fuel switching at asphalt plants and lubricant plants • Undertake design work, etc., aiming to launch the “advanced CCS” project in the Tomakomai area • Install solar panels on lubricants plant roofs (India, America, Thailand, Indonesia) • Demonstration project for next-generation agricultural solar power generation • Plan to introduce Australia’s largest-capacity Vanadium Flow Battery at the Boggabri Coal Mine
Scope 3 reductions / avoided emissions	• Launched “Idemitsu Carbon Offset Fuel (ICOF)” • Launched next-generation biofuel “Idemitsu Renewable Diesel (IRD)” • Design manufacturing facilities and build a supply structure for Sustainable Aviation Fuel (SAF) • Completed an oil chemical recycling facility for recycling used plastics • Develop solid electrolytes for next-generation batteries (all-solid-state batteries) • Phosphorus-free and ash-free diesel engine oil “idemitsu AshFree” and energy-saving hydraulic oil “Daphne Super Hydro ST” certified as the “Kawasaki Carbon Neutral Brand” • Launched RUMINUP® livestock feed that suppresses methane generation from livestock • Start operation of the “Himeji Energy Storage Station” equipped with grid storage batteries • Launched the new solution “idemitsu-R40” that supports the transition of coal-fired boilers to carbon neutrality • Launched commercial operations of coal-alternative biofuel “Idemitsu Green Energy Pellets”

idemitsu
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As a result, please be advised that actual performance may differ significantly from forecasts, etc. due to fluctuations in such factors.

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