November 11, 2026

Consolidated Financial Results [IFRS Accounting Standards]

for the six months ended September 30, 2026

Company Name: **Idemitsu Kosan Co.,Ltd.** (URL https://www.idemitsu.com/en/index.html)
Securities Code: 5019, Shares listed on: Tokyo Stock Exchange
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Scheduled date of filing of interim securities report: November 12, 2026
Scheduled date to commence dividend payments: December 7, 2026
Preparation of supplementary materials on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Figures less than ¥1 million are rounded down)

1. Consolidated Financial Results for the six months ended September 30, 2026

(1) Consolidated operating results (cumulative)

(Percentage figures represent changes from the corresponding previous period)

	Revenue		Operating income		Income before tax		Income		Income attributable to owners of the parent		Total comprehensive income	
For the six months ended	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%
September 30, 2026	5,055,927	33.6	425,675	644.6	449,862	510.9	327,418	425.8	322,439	422.5	315,160	354.1
September 30, 2025	3,785,381	—	57,168	—	73,643	—	62,266	—	61,709	—	69,411	—

	Basic earnings per share	Diluted earnings per share
For the six months ended	¥	¥
September 30, 2026	267.65	—
September 30, 2025	50.39	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of	¥million	¥million	¥million	%
September 30, 2026	6,251,277	1,754,436	1,722,381	27.6
March 31, 2026	5,269,223	1,489,553	1,462,567	27.8

2. Dividends

	Annual dividends				
	As of June 30	As of September 30	As of December 31	As of March 31	Total
	¥	¥	¥	¥	¥
Fiscal year ended March 31, 2026	—	18.00	—	18.00	36.00
Fiscal year ending March 31, 2027	—	18.00			
Fiscal year ending March 31, 2027 (Forecasts)			—	22.00	40.00

Note: Revisions to the forecasts of cash dividends most recently announced: **Yes**

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2027

(Percentage figures represent changes from the previous fiscal year)

	Income before tax excluding financial expenses (excluding inventory impact)(*1)		Income attributable to owners of the parent (excluding inventory impact)		Income attributable to owners of the parent		Basic earnings per share
	¥million	%	¥million	%	¥million	%	¥
Fiscal year ending March 31, 2027	240,000	(11.9)	165,000	(15.6)	295,000	67.4	244.88

Note: 1. Income before tax excluding financial expenses is calculated by deducting interest income and foreign exchange gains (losses) on investing items from income before financing and income tax.

2. Revisions to the forecasts of consolidated financial results most recently announced: **Yes**

* Notes

(1) Significant changes in the scope of consolidation during the period: **None**

(2) Changes in accounting policies and changes in accounting estimates

a) Changes in accounting policies required by IFRS Accounting Standards: **None**

b) Changes in accounting policies due to other reasons: **None**

c) Changes in accounting estimates: **None**

(3) Number of shares issued (ordinary shares)

a) Total number of issued shares (including treasury stock)

As of September 30, 2026: 1,223,217,590 As of March 31, 2026: 1,288,747,390

b) Number of shares of treasury stock

As of September 30, 2026: 25,724,745 As of March 31, 2026: 70,475,150

c) Average number of shares outstanding during the period

For the six months ended September 30, 2026: 1,204,688,160

For the six months ended September 30, 2025: 1,224,636,909

* This report is out of the scope of the review by certified public accountants or audit firms

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The financial forecasts above are based on information available and assumptions as of the date of publication of this document. Actual operating results may differ from the forecasts due to various factors. Additionally, for the assumptions used for the forecasts of the above, please refer to “1. Overview of Operating Results and Others (3) Explanation of Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2027” of the Appendix on page 6.

(Adoption of International Financial Reporting Standards (IFRS Accounting Standards))

The Idemitsu Group (the Company and its subsidiaries) has adopted IFRS Accounting Standards in the preparation of its consolidated financial statements from the six months ended September 30, 2026. Comparative financial information for the six months ended September 30, 2025 and for the fiscal year ended March 31, 2026 has also been restated and presented in accordance with IFRS Accounting Standards.

For details of the differences between IFRS Accounting Standards and Japanese GAAP with respect to the financial information, please refer to “2. Condensed Interim Consolidated Financial Statements and Major Notes, (5) Notes on the Condensed Interim Consolidated Financial Statements, 8) First-Time Adoption of IFRS” on page 37.

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[Appendix]

1. Overview of Operating Results and Others

The Group has adopted IFRS Accounting Standards in place of Japanese GAAP and early adopted IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18"), as well as the amendments to IAS 7, Statement of Cash Flows ("IAS 7"), arising from the application of IFRS 18, for the six months ended September 30, 2026. Comparative financial figures for the six months ended September 30, 2025 and for the fiscal year ended March 31, 2026 have also been restated in accordance with IFRS Accounting Standards for comparative purposes.

(1) Overview of Operating Results for the Six Months Ended September 30, 2026

During the six months ended September 30, 2026, domestic demand for petroleum products continued to trend downward gradually, driven by structural changes such as a decline in the number of passenger cars in use, improvements in fuel efficiency, and greater efficiency in logistics.

Crude oil prices surged in March 2026 due to heightened tensions in the Middle East. However, prices fell to $77/bbl against the backdrop of production increases by OPEC Plus from April onward and the easing of the situation involving the United States and Iran. Subsequently, prices rebounded due to the stalled negotiations between the United States and Iran and heightened supply and transportation risks in the Strait of Hormuz and the Red Sea, rising to $114/bbl in September. As a result, the average Dubai crude oil price from April to September increased by $26.2/bbl from the same period last year to $94.6/bbl.

As for the dollar-to-yen exchange rate, the yen remained on a weakening trend against the backdrop of factors such as interest rate differentials between Japan and the U.S. and depreciated to a monthly average of ¥163/$ in July. Subsequently, the yen began to strengthen due to factors such as receding expectations of U.S. interest rate hikes, appreciating to ¥156/$ in September. As a result, the average exchange rate between April and September was ¥159.4 per U.S. dollar, with the yen weakening by ¥13.3 year on year.

(Crude oil price and exchange rate)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Change	
Dubai crude oil ($/bbl)	68.4	94.6	+26.2	+38.3%
Exchange rate (¥/$)	146.0	159.4	+13.3	+9.1%

The Group's revenue for the six months ended September 30, 2026, was ¥5,055.9 billion, up 33.6% year on year, mainly due to the rise in crude oil prices.

Operating income was ¥425.7 billion, up 644.6% year on year, mainly due to inventory impact from the rise in crude oil prices, positive time lag effects, and strong trading in the petroleum segment.

Income before tax was ¥449.9 billion, up 510.9% year on year, income was ¥327.4 billion, up 425.8% year on year, and income attributable to owners of the parent was ¥322.4 billion, up 422.5% year on year.

The performance of our business by segment for the six months ended September 30, 2026, is as follows:

* Segment income (loss): Income before financing and income tax - Interest income - Foreign exchange gains (losses) on investing items

As described in "2. Condensed Interim Consolidated Financial Statements and Major Notes, (5) Notes on the Condensed Interim Consolidated Financial Statements, 6) Notes on the Consolidated Segment Information", beginning with the six months ended September 30, 2026, the bitumen (high performance asphalt) business, which was previously included in the functional materials segment, has been reclassified to the petroleum segment for the purpose of optimizing the petroleum segment. In addition, a portion of the business of certain subsidiaries previously included in other segments has been reclassified to the petroleum segment due to a change in the management classification. Comparative information has been prepared based on this revised segment classification.

Revenue by segment

(Unit: ¥Billion)

Segment	Six months ended September 30, 2025	Six months ended September 30, 2026	Change	
			Amount	%
Petroleum	3,133.6	4,214.4	+1,080.7	+34.5%
Basic chemicals	235.1	330.6	+95.5	+40.6%
Functional materials	255.8	312.2	+56.3	+22.0%
Power and renewable energy	54.3	47.8	(6.6)	(12.1)%
Resources	96.9	144.2	+47.3	+48.8%
Other	9.6	6.9	(2.7)	(28.4)%
Total	3,785.4	5,055.9	+1,270.5	+33.6%

Segment income (loss)

(Unit: ¥Billion)

Segment	Six months ended September 30, 2025	Six months ended September 30, 2026	Change	
			Amount	%
Petroleum	25.7	391.4	+365.7	―
: excluding inventory impact	*83.4*	*130.3*	*+47.0*	*+56.4%*
Basic chemicals	(5.5)	1.3	+6.9	―
Functional materials	30.2	35.3	+5.0	+16.7%
Power and renewable energy	3.7	(3.6)	(7.2)	―
Resources	19.6	38.6	+19.0	+97.3%
Other	0.6	0.6	0.0	+8.3%
Reconciliation	(6.9)	(4.4)	+2.4	―
Total	67.3	459.3	+392.0	+582.2%
: excluding inventory impact	*125.0*	*198.2*	*+73.2*	*+58.6%*

[Petroleum segment]
Revenue in the petroleum segment was ¥4,214.4 billion, up 34.5% year on year, mainly due to the rise in crude oil prices and strong performance in the overseas trading business, while segment income was ¥391.4 billion, an increase of ¥365.7 billion year on year, mainly due to the inventory impact associated with the rise in crude oil prices, positive time lag effects, and strong performance in trading, despite an increase in self-consumption fuel costs and a deterioration in main fuel margins.

[Basic chemicals segment]
Revenue in the basic chemicals segment was ¥330.6 billion, up 40.6% year on year, while segment income was ¥1.3 billion, an increase of ¥6.9 billion year on year, mainly due to an improvement in margins and a positive inventory impact.

[Functional materials segment]
Revenue in the functional materials segment was ¥312.2 billion, up 22.0% year on year, while segment income was ¥35.3 billion, up 16.7% year on year, mainly due to increased earnings from appropriate pricing in performance chemicals, as well as appropriate pricing and positive time lag effects in lubricants.

[Power and renewable energy segment]
Revenue in the power and renewable energy segment was ¥47.8 billion, down 12.1% year on year, while segment loss was ¥3.6 billion, a decrease of ¥7.2 billion year on year, mainly due to large-scale regular maintenance and power plant issues at TOA Oil Co., Ltd.

[Resources segment]
(Oil/natural gas exploration and production and geothermal energy business)
Revenue in the oil/natural gas exploration and production and geothermal energy business was ¥28.4 billion, up 43.3% year on year, while segment income was ¥19.3 billion, up 87.2% year on year, mainly due to higher condensate volume in Vietnam.

(Coal business and others)
Revenue in the coal business and others was ¥115.8 billion, up 50.2% year on year, while segment income was ¥19.3 billion, up 108.5% year on year, mainly due to a rise in coal market conditions and an increase in production volumes.

As a result of the above, total revenue of the resources segment was ¥144.2 billion, up 48.8% year on year, and segment income was ¥38.6 billion, up 97.3% year on year.

[Other segments]
Revenue in the other segments was ¥6.9 billion, down 28.4% year on year, and segment income was ¥0.6 billion, up 8.3% year on year.

(2) Overview of Financial Position for the Six Months Ended September 30, 2026

1) Analysis of financial position

(Unit: ¥Billion)

	As of March 31, 2026	As of September 30, 2026	Change
Current assets	3,111.5	4,011.9	＋900.4
Non-current assets	2,157.7	2,239.4	＋81.6
Total assets	5,269.2	6,251.3	＋982.1
Current liabilities	2,685.7	3,401.1	＋715.4
Non-current liabilities	1,094.0	1,095.7	＋1.7
Total liabilities	3,779.7	4,496.8	＋717.2
Total equity	1,489.6	1,754.4	＋264.9
Total liabilities and equity	5,269.2	6,251.3	＋982.1

(a) Total assets

Total assets were ¥6,251.3 billion, an increase of ¥982.1 billion from the end of the previous fiscal year, mainly due to increases in trade and other receivables as well as inventories resulting from the rise in crude oil prices and other factors.

(b) Total liabilities

Total liabilities were ¥4,496.8 billion, an increase of ¥717.2 billion from the end of the previous fiscal year, mainly due to an increase in interest-bearing debt and increases in trade and other payables resulting from the rise in crude oil prices and other factors.

(c) Total equity

Total equity was ¥1,754.4 billion, an increase of ¥264.9 billion from the end of the previous fiscal year, mainly due to the recognition of income attributable to owners of the parent, despite decreases due to the acquisition of treasury stock and dividend payments.

As a result, the ratio of equity attributable to owners of the parent to total assets decreased from 27.8% at the end of the previous fiscal year to 27.6%, down 0.2 points. The Net D/E ratio as of September 30, 2026, was 1.21 (end of the previous fiscal year: 1.03).

2) Analysis of Cash Flows

(Unit: ¥Billion)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities	116.8	(339.4)
Cash flows from investing activities	(86.5)	(121.0)
Cash flows from financing activities	199.2	397.1
Effect of exchange rate changes on cash and cash equivalents	5.0	(14.9)
Net increase (decrease) in cash and cash equivalents	234.5	(78.3)
Cash and cash equivalents at beginning of period	163.6	381.8
Cash and cash equivalents at end of period	398.0	303.6

Cash and cash equivalents ("funds") as of September 30, 2026, were ¥303.6 billion, a decrease of ¥78.3 billion compared with the end of the previous fiscal year. Major factors for this decrease are as follows:

(a) Cash flows from operating activities

Net cash used in operating activities amounted to ¥339.4 billion, as factors increasing funds, such as increases in operating income and depreciation, were less than factors decreasing funds, such as increases in inventories.

(b) Cash flows from investing activities

Net cash used in investing activities amounted to ¥121.0 billion, mainly due to the acquisition of property, plant and equipment through investments for the maintenance and replacement of refinery facilities and the acquisition of investments.

(c) Cash flows from financing activities

Net cash provided by financing activities amounted to ¥397.1 billion, mainly due to an increase in interest-bearing debt.

(3) Explanation of Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2027

The Company has revised its forecasts of the consolidated financial results for the fiscal year ending March 31, 2027, released on May 12, 2026, given the actual business results for the six months ended September 30, 2026, and the latest forecasts. Please refer to the "Announcement on Revisions to Consolidated Financial Results Forecasts and Year-End Dividend Forecast for the Fiscal Year Ending March 2027" announced today for details of the forecasts.

2. Condensed Interim Consolidated Financial Statements and Major Notes

(1) Condensed Interim Consolidated Statements of Financial Position

(Unit: ¥Million)

	As of April 1, 2025	As of March 31, 2026	As of September 30, 2026
Assets			
Current assets:			
Cash and cash equivalents	163,555	381,842	303,572
Trade and other receivables	1,121,600	1,201,461	1,400,958
Inventories	1,243,682	1,357,844	2,102,340
Other financial assets	39,514	113,684	114,078
Other current assets	47,260	56,670	90,962
Total current assets	2,615,612	3,111,503	4,011,912
Non-current assets:			
Property, plant and equipment	1,304,391	1,480,024	1,477,770
Goodwill	34,307	49,077	48,991
Intangible assets	118,780	119,353	115,698
Investment property	47,351	49,756	48,683
Investments accounted for using the equity method	250,793	280,944	301,575
Other financial assets	101,988	107,680	177,981
Deferred tax assets	14,235	15,543	16,405
Other non-current assets	50,489	55,338	52,257
Total non-current assets	1,922,338	2,157,719	2,239,364
Total assets	4,537,950	5,269,223	6,251,277

(Unit: ¥Million)

	As of April 1, 2025	As of March 31, 2026	As of September 30, 2026
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables	1,240,986	1,288,612	1,441,472
Bonds and borrowings	700,181	995,648	1,500,222
Lease liabilities	68,184	74,264	73,015
Other financial liabilities	126,513	128,167	127,681
Income taxes payable	9,670	48,580	115,164
Provisions	8,266	3,660	3,289
Other current liabilities	112,090	146,748	140,271
Total current liabilities	2,265,894	2,685,682	3,401,117
Non-current liabilities:			
Bonds and borrowings	518,762	594,060	596,391
Lease liabilities	221,461	223,462	220,781
Other financial liabilities	25,554	24,783	24,449
Retirement benefit liability	52,338	50,837	49,947
Provisions	54,191	62,748	63,122
Deferred tax liabilities	83,506	94,025	97,633
Other non-current liabilities	47,727	44,068	43,396
Total non-current liabilities	1,003,542	1,093,986	1,095,723
Total liabilities	3,269,437	3,779,669	4,496,841
Equity			
Share capital	168,351	168,351	168,351
Capital surplus	354,358	278,334	203,304
Retained earnings	851,891	990,659	1,291,971
Treasury stock	(139,690)	(76,148)	(30,428)
Other components of equity	18,004	101,370	89,181
Equity attributable to owners of the parent	1,252,915	1,462,567	1,722,381
Non-controlling interests	15,597	26,986	32,054
Total equity	1,268,513	1,489,553	1,754,436
Total liabilities and equity	4,537,950	5,269,223	6,251,277

(2) Condensed Interim Consolidated Statements of Income or Loss and Condensed Interim Consolidated Statements of Comprehensive Income

1) Condensed Interim Consolidated Statements of Income or Loss

(Unit: ¥Million)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Revenue	3,785,381	5,055,927
Cost of sales	3,481,267	4,353,777
Gross profit	304,114	702,150
Selling expenses	189,245	200,942
General and administrative expenses	60,311	82,088
Other operating income	11,867	15,348
Other operating expenses	9,256	8,793
Operating income	57,168	425,675
Share of profit of investments accounted for using the equity method	3,273	28,426
Interest income	11,671	11,752
Other investment income	9,765	7,412
Other investment expenses	1,576	1,444
Income before financing and income tax	80,303	471,822
Interest expenses related to borrowings and leasing liabilities	12,366	19,600
Other financial income	10,970	123
Other financial expense	5,263	2,482
Income before tax	73,643	449,862
Income tax expense	11,377	122,444
Income	62,266	327,418
Attributable to:		
Owners of the parent	61,709	322,439
Non-controlling interests	556	4,978
Income	62,266	327,418
Earnings per share		
Basic earnings per share (yen)	50.39	267.65
Diluted earnings per share (yen)	—	—

2) Condensed Interim Consolidated Statements of Comprehensive Income

(Unit: ¥Million)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Income	62,266	327,418
Other comprehensive income:		
Items that will not be reclassified to income or loss:		
Financial assets measured at fair value through other comprehensive income	(855)	5,164
Remeasurements of defined benefit plans	(2)	(10)
Share of other comprehensive income of investments accounted for using the equity method	(142)	265
Total of items that will not be reclassified to income or loss	(1,000)	5,418
Items that may be reclassified to income or loss:		
Cash flow hedges	(752)	1,099
Exchange differences on translation of foreign operations	9,495	(13,043)
Share of other comprehensive income of investments accounted for using the equity method	(597)	(5,732)
Total of items that may be reclassified to income or loss	8,145	(17,676)
Other comprehensive income, net of tax	7,145	(12,257)
Comprehensive income	69,411	315,160
Comprehensive income attributable to:		
Owners of the parent	68,903	310,703
Non-controlling interests	507	4,457
Comprehensive income	69,411	315,160

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended September 30, 2025

(Unit: ¥Million)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Retained earnings	Treasury stock
Balance as of April 1, 2025	168,351	354,358	851,891	(139,690)
Income	—	—	61,709	—
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	61,709	—
Acquisition of treasury stock	—	—	—	(0)
Disposal of treasury stock	—	(0)	—	0
Cancellation of treasury stock	—	(73,215)	—	73,215
Dividends	—	—	(22,099)	—
Increase (decrease) by business combination	—	—	—	—
Changes in ownership interest in subsidiaries	—	(2,484)	—	—
Share-based payment transactions	—	159	—	—
Transfer from other components of equity to retained earnings	—	—	807	—
Other	—	—	(567)	—
Total transactions with owners	—	(75,540)	(21,859)	73,215
Balance as of September 30, 2025	168,351	278,817	891,741	(66,475)

	Equity attributable to owners of the parent							
	Other components of equity							
	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2025	12,781	5,223	—	—	18,004	1,252,915	15,597	1,268,513
Income	—	—	—	—	—	61,709	556	62,266
Other comprehensive income	(860)	(3,686)	11,752	(10)	7,194	7,194	(49)	7,145
Comprehensive income	(860)	(3,686)	11,752	(10)	7,194	68,903	507	69,411
Acquisition of treasury stock	—	—	—	—	—	(0)	—	(0)
Disposal of treasury stock	—	—	—	—	—	0	—	0
Cancellation of treasury stock	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	(22,099)	(31)	(22,130)
Increase (decrease) by business combination	—	—	—	—	—	—	4,292	4,292
Changes in ownership interest in subsidiaries	—	—	—	—	—	(2,484)	94	(2,390)
Share-based payment transactions	—	—	—	—	—	159	—	159
Transfer from other components of equity to retained earnings	(818)	—	—	10	(807)	—	—	—
Other	—	—	—	—	—	(567)	(24)	(592)
Total transactions with owners	(818)	—	—	10	(807)	(24,992)	4,331	(20,661)
Balance as of September 30, 2025	11,102	1,537	11,752	—	24,391	1,296,827	20,435	1,317,262

For the six months ended September 30, 2026

(Unit: ¥Million)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Retained earnings	Treasury stock
Balance as of April 1, 2026	168,351	278,334	990,659	(76,148)
Income	—	—	322,439	—
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	322,439	—
Acquisition of treasury stock	—	—	—	(29,722)
Disposal of treasury stock	—	0	—	0
Cancellation of treasury stock	—	(75,085)	—	75,085
Dividends	—	—	(21,985)	—
Increase (decrease) by business combination	—	—	—	—
Changes in ownership interest in subsidiaries	—	255	—	—
Share-based payment transactions	—	(199)	—	356
Transfer from other components of equity to retained earnings	—	—	452	—
Other	—	—	405	—
Total transactions with owners	—	(75,029)	(21,127)	45,720
Balance as of September 30, 2026	168,351	203,304	1,291,971	(30,428)

	Equity attributable to owners of the parent							
	Other components of equity							
	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2026	5,420	6,831	89,117	—	101,370	1,462,567	26,986	1,489,553
Income	—	—	—	—	—	322,439	4,978	327,418
Other comprehensive income	5,493	(4,136)	(13,082)	(10)	(11,736)	(11,736)	(520)	(12,257)
Comprehensive income	5,493	(4,136)	(13,082)	(10)	(11,736)	310,703	4,457	315,160
Acquisition of treasury stock	—	—	—	—	—	(29,722)	—	(29,722)
Disposal of treasury stock	—	—	—	—	—	0	—	0
Cancellation of treasury stock	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	(21,985)	(392)	(22,377)
Increase (decrease) by business combination	—	—	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	255	1,062	1,318
Share-based payment transactions	—	—	—	—	—	157	—	157
Transfer from other components of equity to retained earnings	(463)	—	—	10	(452)	—	—	—
Other	—	—	—	—	—	405	(59)	345
Total transactions with owners	(463)	—	—	10	(452)	(50,889)	610	(50,278)
Balance as of September 30, 2026	10,450	2,695	76,035	—	89,181	1,722,381	32,054	1,754,436

(4) Condensed Interim Consolidated Statements of Cash Flows

(Unit: ¥Million)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities:		
Operating income	57,168	425,675
Depreciation	93,715	107,308
Amortization	7,820	4,351
Operating income before depreciation and amortization	158,704	537,335
Decrease (increase) in trade and other receivables	138,971	(209,304)
Decrease (increase) in inventories	108,845	(748,524)
Increase (decrease) in trade and other payables	(260,968)	175,685
Other	(10,910)	(38,750)
Cash generated from operating activities before income taxes	134,641	(283,558)
Income taxes paid	(17,845)	(55,838)
Net cash provided by (used in) operating activities	116,795	(339,397)
Cash flows from investing activities:		
Interest received	12,971	9,980
Dividends received	4,343	3,240
Proceeds from withdrawal of time deposits	230	53,830
Purchase of property, plant and equipment	(84,947)	(102,709)
Proceeds from sale of property, plant and equipment	3,367	938
Purchase of intangible assets	(4,402)	(4,302)
Net decrease (increase) in short-term loans receivable	(181)	45
Long-term loan disbursements	(18,801)	(16,825)
Proceeds from collection of long-term loans receivable	138	72
Purchase of investments	(625)	(66,659)
Proceeds from sale and redemption of investments	4,130	1,081
Payments for acquisition of subsidiaries	(5,562)	—
Payments for acquisition of investments accounted for using the equity method	(482)	(217)
Other	3,344	490
Net cash provided by (used in) investing activities	(86,477)	(121,035)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	257,359	162,323
Net increase (decrease) in commercial paper	27,985	363,599
Proceeds from long-term borrowings	71,016	41,422
Repayments of long-term borrowings	(49,333)	(39,659)
Redemption of bonds	(30,000)	(20,000)
Repayments of lease liabilities	(39,946)	(40,747)
Purchase of treasury stock	(0)	(29,722)
Interest paid	(12,103)	(19,785)
Dividends paid	(22,099)	(21,985)
Dividends paid to non-controlling interests	(31)	(392)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(3,106)	(20)
Other	(567)	2,021
Net cash provided by (used in) financing activities	199,173	397,056
Effect of exchange rate changes on cash and cash equivalents	4,991	(14,892)
Net increase (decrease) in cash and cash equivalents	234,483	(78,269)
Cash and cash equivalents at beginning of period	163,555	381,842
Cash and cash equivalents at end of period	398,038	303,572

(5) Notes on the Condensed Interim Consolidated Financial Statements

1) Reporting Entity

Idemitsu Kosan Co.,Ltd. (the "Company") is a company located in Japan. The Company's condensed interim consolidated financial statements comprise the Company and its subsidiaries, as well as interests in associates, joint operations and joint ventures. The principal business activities of the Group are described in "6) Notes on the Consolidated Segment Information."

2) Basis of preparation

(a) Statement of Compliance with IFRS Accounting Standards and First-time Adoption

As the Company meets the requirements of a specified company complying with designated international accounting standards set forth in Article 1-2 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, these condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, pursuant to the provisions of Article 312 of the same Regulation.

The Group adopted IFRS Accounting Standards for the six months ended September 30, 2026, and the date of transition to IFRS Accounting Standards is April 1, 2025. The effects of the transition to IFRS Accounting Standards on the Group's financial position and its operating results as of the date of transition to IFRS Accounting Standards and for the comparative year are presented in "8) First-Time Adoption of IFRS." The Group has applied the IFRS Accounting Standards effective as of the date of approval of these condensed interim consolidated financial statements, except for the optional exemptions permitted under IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1"), and IFRS Accounting Standards that have not been early adopted. The exemptions applied by the Group are also described in "8) First-Time Adoption of IFRS."

These condensed interim consolidated financial statements were approved on November 11, 2026 by Sakai Noriaki, Representative Director & Chief Executive Officer.

(b) Functional Currency and Presentation Currency

The Group's condensed interim consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company, and amounts less than one million yen are rounded down.

(c) Early Adoption of Standards and Interpretations

The Group has early adopted the following standard.

IFRS Accounting Standards		Outline of new and revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	New standard replacing IAS 1, the current standard on presentation and disclosure in financial statements Amendments to IAS 7 and other standards were also made in connection with the issuance of IFRS 18

The Group has applied the standard retrospectively and presented comparative information in accordance with IFRS 18.

3) Significant Accounting Policies

The Group has applied the following accounting policies to all periods presented in these condensed interim consolidated financial statements, including the consolidated statement of financial position as of the date of transition to IFRS Accounting Standards, unless otherwise stated.

(a) Basis of consolidation

a) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control until the date on which control ceases.

Where the accounting policies applied by a subsidiary differ from those adopted by the Group, adjustments are made to the subsidiary's financial statements, where necessary. Intragroup balances and transactions, and any unrealized gains and losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Comprehensive income of subsidiaries is attributed to the owners of the parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received or paid is recognized directly in equity and attributed to the owners of the parent. When the Group loses control of a subsidiary, any gain or loss arising from the loss of control is recognized in income or loss.

b) Associates and Joint Ventures

Associates are entities over which the Group has significant influence, but not control or joint control, with respect to their financial and operating policies. When the Group holds between 20% and 50% of the voting rights of another entity, it is presumed that the Group has significant influence over that entity.

Investments in associates are accounted for using the equity method from the date on which the Group obtains significant influence until the date on which it loses significant influence. Investments in associates include goodwill recognized on acquisition, net of accumulated impairment losses.

Where the accounting policies applied by an associate differ from those adopted by the Group, adjustments are made to the financial statements of the associate, where necessary.

Joint ventures are entities in which two or more parties, including the Group, share contractually agreed control over an economic activity, and strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group accounts for its interests in joint ventures using the equity method.

In respect of investments in associates and joint ventures, the Group may hold long-term interests that, in substance, form part of its net investment in the associates or joint ventures, in financial assets, such as long-term loans receivable.

Such long-term interests are first classified and measured as financial assets in accordance with IFRS 9, Financial Instruments ("IFRS 9"). Subsequently, when the Group applies the equity method in accordance with IAS 28, Investments in Associates and Joint Ventures and recognizes its share of losses of the associate or joint venture ("IAS 28"), to the extent that such losses exceed the carrying amount of the equity interest, the Group recognizes the losses by reducing the carrying amount of the long-term interests.

If the amount of losses to be recognized exceeds the aggregate carrying amount of the equity interest and the long-term interests, the excess is recognized as a liability to the extent of the Group's contractual or constructive obligations, including obligations arising from guarantees provided on behalf of the associate or joint venture.

c) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. With respect to interests in joint operations, the Group recognizes only its share of the assets, liabilities, revenues and expenses arising from the joint operation.

d) Reporting Dates

The consolidated financial statements include the financial statements of subsidiaries, associates and joint ventures whose reporting dates differ from that of the Company. For these subsidiaries, associates and joint ventures, financial statements as of reporting dates different from that of the Company are used because it is impracticable to align their reporting dates with that of the Company due to relationships with other shareholders and other considerations. The reporting dates of these subsidiaries, associates and joint ventures are primarily December 31, and the difference between their reporting dates and that of the Company does not exceed three months.

Adjustments are made for the effects of significant transactions or events that occur between the reporting date of such subsidiaries, associates and joint ventures and that of the Company, where necessary, to ensure that such effects are appropriately reflected in the consolidated financial statements.

The principal subsidiaries, associates and joint ventures whose financial statements are consolidated using reporting dates different from that of the Company are Idemitsu Australia PTY LTD, INPEX Idemitsu Norge AS and Nghi Son Refinery and Petrochemical LLC ("NSRP"). Idemitsu Australia PTY LTD, a principal subsidiary, accounts for its investment in a mine as a joint operation, and the reporting date of the mine is December 31. Due to contractual restrictions and other practical considerations, it is impracticable to change the reporting date of the mine or to prepare additional financial information as of March 31. As the assets, liabilities, revenues and expenses of the subsidiary primarily comprise its interest in the mine, the Company consolidates the subsidiary based on its most recent financial statements prepared as of a reporting date different from that of the Company.

(b) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured as the aggregate of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity instruments issued by the Company in exchange for control of the acquiree. Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net amount of the identifiable assets acquired and liabilities assumed at the acquisition date. If the aggregate is less than the net amount of the identifiable assets acquired and liabilities assumed, the resulting gain is recognized immediately in income or loss in the consolidated statement of income or loss.

For each business combination, the Group elects whether to measure non-controlling interests at fair value or at the proportionate share of the recognized amounts of the acquiree's identifiable net assets. The Group measures non-controlling interests, in principle, at the proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs, such as brokerage fees, legal fees and due diligence costs, incurred in connection with a business combination are recognized as expenses when incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports the incomplete items using provisional amounts. During the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and that, if known, would have affected the measurement of the amounts recognized at that date, the provisional amounts recognized at the acquisition date are adjusted retrospectively to reflect that information. Additional assets and liabilities are recognized if the new information results in the recognition of assets and liabilities that were not previously recognized. The measurement period shall not exceed one year from the acquisition date.

Subsequent acquisitions of non-controlling interests after control has been obtained are accounted for as equity transactions. Accordingly, no goodwill is recognized as a result of such transactions.

The identifiable assets acquired and liabilities assumed in a business combination are measured at their acquisition-date fair values, except for the following:

- Deferred tax assets and liabilities and assets and liabilities related to employee benefit arrangements
- Share-based payment arrangements of the acquiree
- Assets or disposal groups classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value when control is obtained, and recognizes any resulting gain or loss in income or loss.

Goodwill is not amortized but is tested for impairment annually and whenever there is an indication of impairment. Impairment losses on goodwill are recognized in the consolidated statement of income or loss and are not reversed in subsequent periods. Goodwill is presented in the consolidated statement of financial position at cost less accumulated impairment losses.

(c) Foreign Currency Translation

a) Functional Currency and Presentation Currency

Each entity within the Group determines its functional currency, which is the currency of the primary economic environment in which it operates, and prepares its separate financial statements in that functional currency. The Group's consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company.

b) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rates prevailing on the date when the fair value is determined. Exchange differences arising from such translations are generally recognized in income or loss. In accordance with IFRS 18, such exchange differences are presented within the same category (operating, investing, financing or income tax) as the assets, liabilities, income or expenses that gave rise to them. However, exchange differences arising from equity instruments designated as financial assets measured at fair value through other comprehensive income, cash flow hedges and net investment hedges in foreign operations are recognized in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rates prevailing on the dates of the transactions. Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation are recognized in other comprehensive income in the consolidated financial statements and accumulated in equity. On disposal of the foreign operation, the cumulative exchange differences previously recognized in equity are reclassified to income or loss.

c) Foreign Operations

The assets and liabilities of foreign operations are translated into Japanese yen using the exchange rates prevailing at the reporting date. Income and expenses are translated using the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during the period.

Exchange differences arising from the translation of the financial statements of foreign operations are recognized in other comprehensive income. Upon disposal of the entire interest in a foreign operation, or upon a partial disposal involving the loss of control or significant influence, the cumulative translation differences are reclassified to income or loss as part of the gain or loss on disposal.

In addition, for transactions that result in changes in the parent company's ownership interest in a subsidiary without a loss of control, the foreign currency translation differences of that subsidiary are reattributed between equity attributable to owners of the parent and non-controlling interests through equity.

(d) Financial Instruments

a) Financial Assets

(i) Initial Recognition and Measurement

The Group classifies its financial assets into financial assets measured at fair value through income or loss, financial assets measured at fair value through other comprehensive income, and financial assets measured at amortized cost. The classification is determined at initial recognition.

The Group initially recognizes trade receivables and other receivables on the date on which they arise. All other financial assets are initially recognized on the trade date on which the Group becomes a party to the contractual provisions of the instrument.

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to their acquisition, except for financial assets classified as measured at fair value through income or loss. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Financial assets are classified as financial assets measured at amortized cost when both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

For equity financial assets measured at fair value, the Group, in principle, makes an irrevocable election at initial recognition, on an instrument-by-instrument basis, to present subsequent changes in fair value in other comprehensive income, except for equity financial assets held for trading, which are required to be measured at fair value through income or loss. Accordingly, such equity financial assets are classified as financial assets measured at fair value through other comprehensive income.

(ii) Subsequent Measurement

After initial recognition, financial assets are measured based on their classification as follows:

i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

ii) Financial assets measured at fair value

Changes in the fair value of financial assets measured at fair value are recognized in income or loss.

However, for equity financial assets designated as measured at fair value through other comprehensive income, changes in fair value are recognized in other comprehensive income. Dividends received from such financial assets are recognized in income or loss for the period as part of finance income.

(iii) Derecognition of Financial Assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial asset. If the Group retains control of the transferred financial asset, the Group continues to recognize the asset and the associated liability to the extent of its continuing involvement in the transferred asset.

(iv) Impairment of Financial Assets

For financial assets measured at amortized cost, the Group recognizes a loss allowance for expected credit losses.

At each reporting date, the Group assesses whether the credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group recognizes a loss allowance equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition, the Group recognizes a loss allowance equal to lifetime expected credit losses.

Expected credit losses are measured as the present value of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

The Group estimates expected credit losses in a manner that reflects the following:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Where the Group is exposed to the effects of significant economic fluctuations or other similar factors, appropriate adjustments are made to the expected credit losses measured as described above.

b) Financial Liabilities

(i) Initial Recognition and Measurement

The Group classifies its financial liabilities into financial liabilities measured at fair value through income or loss and financial liabilities measured at amortized cost. The classification is determined at initial recognition.

The Group initially recognizes debt securities issued by the Group on the date of issuance. All other financial liabilities are initially recognized on the trade date on which the Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are initially measured at fair value. Financial liabilities measured at amortized cost are initially measured at fair value less directly attributable transaction costs.

(ii) Subsequent Measurement

Subsequent to initial recognition, financial liabilities are measured according to their classification as follows:

i) Financial liabilities measured at fair value through income or loss

Financial liabilities measured at fair value through income or loss are subsequently measured at fair value, and changes in fair value are recognized in income or loss for the period.

ii) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

Amortization under the effective interest method and gains and losses arising on derecognition are recognized in income or loss for the period.

(iii) Derecognition of Financial Liabilities

The Group derecognizes a financial liability when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

c) Derivative Instruments and Hedge Accounting

The Group uses derivative financial instruments, including forward exchange contracts, interest rate swaps, and commodity swap contracts, to hedge exposures to fluctuations in foreign exchange rates, interest rates, and commodity prices. These derivatives are initially recognized at fair value on the date on which the derivative contracts are entered into and are subsequently remeasured at fair value. Gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are generally recognized in income or loss. The Group also applies hedge accounting when hedging foreign exchange risk associated with net investments in foreign operations, using non-derivative financial instruments such as foreign currency-denominated borrowings as hedging instruments.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which hedge accounting is to be applied, together with its risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and the method used to assess the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value or cash flows of the hedged item attributable to the hedged risk. Specifically, a hedge relationship is regarded as effective only when all of the following requirements are met:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes resulting from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item actually hedged and the quantity of the hedging instrument actually used to hedge that quantity of the hedged item.

The Group continually assesses whether a hedge relationship meets the hedge effectiveness requirements on a prospective basis. Hedge ineffectiveness may arise when changes in the value of the hedging instrument exceed or fall short of changes in the value of the hedged item.

The hedge ratio is determined based on the economic relationship between the hedged item and the hedging instrument, taking into consideration the Group’s risk management strategy.

If a hedge relationship ceases to meet the effectiveness requirements but the risk management objective for the designated hedge relationship remains unchanged, the Group adjusts the hedge ratio of the hedge relationship so that it again meets the qualifying criteria. If the risk management objective for the hedge relationship changes, the Group discontinues hedge accounting.

Hedges that meet the qualifying criteria for hedge accounting are classified and accounted for as follows:

(i) Fair Value Hedges

Changes in the fair value of derivative instruments are recognized in income or loss in the consolidated statement of income or loss. The change in the fair value of the hedged item attributable to the hedged risk is recognized in income or loss in the consolidated statement of income or loss and adjusts the carrying amount of the hedged item.

(ii) Cash Flow Hedges

The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income in the consolidated statement of comprehensive income, while any ineffective portion is recognized immediately in income or loss in the consolidated statement of income or loss.

Amounts recognized in other comprehensive income in respect of the hedging instrument are reclassified to income or loss when the hedged transaction affects income or loss. Where the hedged item results in the recognition of a non-financial asset or a non-financial liability, the amounts previously recognized in other comprehensive income are accounted for as an adjustment to the initial carrying amount of the non-financial asset or non-financial liability.

When a forecast transaction or firm commitment is no longer expected to occur, any cumulative gain or loss previously recognized in equity through other comprehensive income is reclassified to income or loss. If the hedged future cash flows are still expected to occur, the amounts previously recognized in equity through other comprehensive income remain in equity until those future cash flows occur.

(iii) Hedges of Net Investments in Foreign Operations

In accordance with IFRS 9 the Group applies hedge accounting to hedge foreign exchange risk associated with net investments in foreign operations, using foreign currency-denominated borrowings and other instruments as the principal hedging instruments. The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income in the consolidated statement of comprehensive income, while any ineffective portion is recognized immediately in income or loss in the consolidated statement of income or loss.

Cumulative gains or losses recognized in other comprehensive income are reclassified to income or loss as part of the gain or loss on disposal upon the disposal of the entire interest in a foreign operation, or upon a partial disposal involving the loss of control or significant influence.

d) Interest Income and Interest Expense

Interest income and interest expense are recognized as incurred using the effective interest method.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined principally using the weighted average cost formula. Inventories held for trading purposes are measured at fair value less costs to sell, with changes in fair value recognized in income or loss.

(g) Property, Plant and Equipment (Excluding Oil and Natural Gas Exploration, Evaluation and Development Assets)

Property, plant and equipment are presented at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures directly attributable to the acquisition of the asset, costs of dismantling and removing the asset and restoring the site on which it is located, and borrowing costs that are eligible for capitalization.

Expenditures on major maintenance and repairs include costs incurred for the replacement of assets or components, as well as costs of major inspections and overhauls. Such expenditures are capitalized when they meet the recognition criteria for property, plant and equipment. Major inspection costs are depreciated over the period until the next inspection.

Depreciation of assets, other than land and construction in progress, is principally calculated using the straight-line method over their estimated useful lives. However, certain mining-related assets are depreciated using the unit-of-production method.

The principal estimated useful lives of major classes of assets are as follows:

- Buildings and structures: 2–60 years
- Machinery, equipment and vehicles: 2–35 years

The estimated useful lives, residual values and depreciation methods are reviewed at each financial year-end and, if revisions are necessary, the changes are applied prospectively as changes in accounting estimates.

(h) Exploration, Evaluation and Development Costs for Oil and Natural Gas

With respect to expenditures related to the exploration and evaluation of oil and natural gas, the Group initially recognizes acquisition costs of exploration licenses as assets, and assesses whether there are any indicators that the carrying amount may exceed the recoverable amount at each reporting period. All expenditures directly associated with exploratory and appraisal wells are initially recognized as assets and are subsequently charged to expense when commercial viability is no longer considered probable. Geological and geophysical survey costs, as well as other expenditures incurred during the exploration phase that are not directly related to exploratory or appraisal wells, are expensed as incurred.

Expenditures relating to development wells and associated production facilities are capitalized as assets. Following the commencement of production, these assets are depreciated using the unit-of-production method based on proved reserves and probable reserves.

(i) Determination of Oil and Natural Gas Reserve Estimates

Oil and natural gas reserves used for depreciation, impairment assessments, and the estimation of the timing of expenditures for abandonment, restoration and remediation costs are estimated based on information prepared by qualified specialists. Further details of these estimates are described in "4) Significant Accounting Estimates and Judgments, (b) Estimation of Oil and Natural Gas Reserves".

(j) Intangible Assets

Separately acquired intangible assets are initially measured at cost. Intangible assets acquired through a business combination are measured at their fair value at the acquisition date.

After initial recognition, intangible assets, other than those with indefinite useful lives, are carried at cost less accumulated amortization and accumulated impairment losses and are amortized principally using the straight-line method over their respective estimated useful lives.

The principal estimated useful lives of major intangible assets are as follows:

- Software: 5 years
- Customer-related assets: 20 years

The estimated useful lives, residual values and amortization methods are reviewed at each financial year-end and, if revisions are necessary, the changes are applied prospectively as changes in accounting estimates.

(k) Investment Property

Investment property is property held to earn rental income, capital appreciation, or both. Subsequent to initial recognition, investment property is measured using the cost model and is carried at cost less accumulated depreciation and accumulated impairment losses. Investment property is depreciated principally using the straight-line method over its estimated useful lives, which generally range from 10 to 60 years.

The estimated useful lives, residual values and depreciation methods are reviewed at each financial year-end and, if revisions are necessary, the changes are applied prospectively as changes in accounting estimates.

(l) Leases

a) Lessee

Lease liabilities are initially measured at the present value of the remaining lease payments as of the lease commencement date, discounted using the interest rate implicit in the lease. When the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rates are used.

Right-of-use assets are recognized at an amount comprising the initial measurement of the lease liability, adjusted for any initial direct costs and prepaid lease payments, and including an estimate of costs to be incurred in dismantling and removing the underlying asset and restoring the site as required under the terms of the lease. Right-of-use assets are depreciated on the straight-line method over the lease term. Right-of-use assets are presented within "Property, plant and equipment" in the consolidated statement of financial position.

b) Lessor

The Group classifies leases in which it acts as lessor as either finance leases or operating leases. Leases that transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as finance leases. Leases that do not transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases.

At the commencement date of a finance lease, the Group recognizes assets held under the finance lease in the consolidated statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease.

For operating leases, the underlying assets are presented in the consolidated statement of financial position. Lease income is recognized in income or loss on a straight-line basis over the lease term.

In classifying a sublease when the Group is an intermediate lessor, if the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease rather than by reference to the underlying asset.

(m) Impairment of Non-financial Assets

The carrying amounts of the Group's non-financial assets, excluding inventories and deferred tax assets, are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at the same time each year, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In calculating value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. Assets that are not tested individually in impairment testing are grouped into the smallest cash-generating unit that generates cash inflows that are largely independent of those from other assets or groups of assets through continuing use. For the purpose of impairment testing of goodwill, cash-generating units to which goodwill is allocated are aggregated so that impairment is tested at a level that reflects the smallest unit to which the goodwill relates. Goodwill acquired in a business combination is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate independent cash inflows. If there is an indication that a corporate asset may be impaired, the recoverable amount of the cash-generating unit to which the corporate asset belongs is determined.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognized in relation to a cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to that unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

Impairment losses relating to goodwill are not reversed. For other assets, impairment losses recognized in prior periods are assessed at the end of reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of necessary depreciation or amortization, had no impairment loss been recognized.

(n) Employee Benefits

The Group operates both defined benefit plans and defined contribution plans as retirement benefit schemes for its employees.

The present value of defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method.

The discount rate is determined based on market yields on high-quality corporate bonds at the end of the reporting period, with maturities corresponding to the estimated timing of future benefit payments.

The net defined benefit liability or asset is measured as the present value of the defined benefit obligation less the fair value of plan assets. However, when a defined benefit plan is in a surplus position, the net defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan (the asset ceiling).

Remeasurements of the net defined benefit liability (asset) are recognized immediately in other comprehensive income in the period in which they arise and are transferred immediately from other components of equity to retained earnings.

Past service costs are recognized in income or loss in the period in which they arise.

Contributions to defined contribution plans are recognized as an expense when they are paid.

(o) Share-based Payment

The Company has adopted a performance-based share compensation plan that is classified as an equity-settled share-based payment arrangement for directors (excluding part-time directors, outside directors and non-residents of Japan) and executive officers at the rank of Senior Executive Officer and above (excluding non-residents of Japan). The services received in exchange for the share-based payments are measured at the fair value of the Company's shares at the grant date and are recognized as an expense over the vesting period, with a corresponding increase recognized in equity.

(p) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized in income or loss.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the Group settles the obligation. The reimbursement is treated as a separate asset.

(q) Revenue

The principal performance obligations in the Group's major businesses arising from contracts with customers and the timing at which such performance obligations are typically satisfied (that is, the timing at which revenue is typically recognized) are as follows.

a) Sale of Products

In the petroleum segment, the Group manufactures and sells petroleum refining products. In the basic chemicals segment, the Group manufactures and sells olefin/aromatic products. In the functional materials segment, the Group manufactures and sells lubricants, performance chemicals and other products. In the resources segment, the Group engages in the exploration, development, production and sale of energy resources, including crude oil, natural gas and coal.

Revenue from the sale of these products is recognized when control of the products is transferred to the customer, generally upon delivery of the products to the customer. At that point, legal title, physical possession, and the significant risks and rewards associated with ownership of the products are transferred to the customer, and the Group obtains the right to receive consideration for the products. Revenue is measured based on the transaction price specified in the contract with the customer. For transactions in which the Company or its consolidated subsidiaries act as an agent, the transaction price is determined on a net basis as the amount received from customers less the amount paid to suppliers. Taxes such as value-added taxes and diesel fuel delivery taxes, which are imposed at the point of sale and collected on behalf of third parties, are excluded from revenue and presented on a net basis. In contrast, taxes such as gasoline taxes, which are imposed prior to the point of sale and are included in the selling price, are included in revenue. As consideration for the products is generally received within one year of delivery, the contracts do not contain a significant financing component. Variable consideration, including discounts and rebates, is estimated using all reasonably available information, including historical, current and forecast information. Revenue is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

In addition, among contracts for the purchase and sale of non-financial items entered into by the Group, contracts that can be settled net in cash or another financial instrument, or by exchanging financial instruments, are recognized as derivatives. Changes in the fair value of such derivatives are recognized in income or loss as revenue or cost of sales. Upon physical delivery, revenue and cost of sales are recognized on a gross basis.

Furthermore, subsidies received under the Fuel Oil Price Volatility Mitigation Program, implemented by the Government of Japan as part of the Comprehensive Emergency Measures to Address Rising Crude Oil Prices and Inflation, are accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance and are presented as part of revenue.

b) Sale of Electricity

In the power and renewable energy segment, the Group engages in power generation (including thermal, solar and wind power generation), electricity sales and solar business.

Revenue from the sale of electricity is recognized over time as the performance obligations are satisfied under contracts with customers for the supply of electricity. Progress towards complete satisfaction of the performance obligations is measured based on electricity consumption determined through meter readings. Revenue is generally recognized based on electricity consumption measured through monthly meter readings, with the corresponding charges recognized as revenue for the month. Revenue generated between the date of the last meter reading in the reporting month and the reporting date is estimated and recognized in the appropriate accounting period. Revenue is measured based on the transaction price specified in contracts with customers. As consideration is generally received within one year of the delivery of electricity, the contracts do not contain a significant financing component.

(r) Government Grants

Government grants are recognized at fair value when there is reasonable assurance that the conditions attached to the grants will be complied with and that the grants will be received.

When government grants relate to expense items, they are recognized in income or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognized as expenses. Government grants related to assets are recognized as deferred income and subsequently recognized in income or loss on a systematic basis over the estimated useful lives of the related assets.

(s) Income Tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognized in income or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity, or arise from a business combination.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes at the reporting date, as well as for tax loss carryforwards and tax credit carryforwards.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except in certain circumstances.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Taxable temporary differences arising from the initial recognition of goodwill.
- Deferred tax liabilities arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and does not give rise to equal taxable and deductible temporary differences.
- Deductible temporary differences relating to investments in subsidiaries, associates and interests in joint ventures, to the extent that it is probable that the temporary differences will not reverse in the foreseeable future or that sufficient taxable profit will not be available against which the temporary differences can be utilized.
- Taxable temporary differences relating to investments in subsidiaries, associates and interests in joint ventures, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

(t) Earnings per Share

Basic earnings per share is calculated by dividing income or loss for the period attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the period, adjusted for treasury stock. Diluted earnings per share is calculated by adjusting for the effects of all dilutive potential ordinary shares.

(u) Equity

a) Ordinary Shares

Ordinary shares issued by the Company are recognized as share capital and capital surplus at the issue price. Incremental costs directly attributable to the issuance of ordinary shares are deducted from capital surplus, net of related tax effects.

b) Treasury Stock

Treasury stock is measured at cost and presented as a deduction from equity. No gain or loss is recognized on the purchase, sale or cancellation of the Company's own shares. Any difference between the carrying amount of treasury stock and the consideration received on its sale is recognized directly in equity.

4) Significant Accounting Estimates and Judgments

In preparing the condensed interim consolidated financial statements, management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. The effects of revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant accounting judgments, estimates and assumptions made by management that have a material effect on the amounts reported in the condensed interim consolidated financial statements are as follows. With respect to the impact of the prolonged heightened geopolitical tensions in the Middle East triggered by the attacks on Iran by the United States and Israel, estimates and assumptions regarding the future business environment have been made on the premise that such impact will gradually subside from the next fiscal year onward.

(a) Impairment of Non-financial Assets

The Group performs impairment tests for property, plant and equipment, goodwill and intangible assets in accordance with "3) Significant Accounting Policies, (m) Impairment of Non-financial Assets". In determining the recoverable amount for impairment testing, estimates and assumptions are made regarding future cash flows, discount rates and other relevant factors.

Estimated future cash flows used in each impairment test are determined based on business plans approved by management and reflect management's best estimates and judgments. However, such estimates are subject to uncertainties, including changes in sales volumes, commodity prices and foreign exchange rates incorporated in the estimated future cash flows. Accordingly, if these estimates or the recoverable amounts are required to be revised, such revisions could have a material impact on the condensed interim consolidated financial statements.

(b) Estimation of Oil and Natural Gas Reserves

Oil and natural gas assets are depreciated using the unit-of-production method, whereby depreciation is calculated for each production unit based on the ratio of production volumes during the reporting period to the total of proved reserves and probable reserves. The estimation of such reserves involves numerous uncertain assumptions, including commodity prices, foreign exchange rates, production costs and future capital expenditures. These assumptions are determined based on management's best estimates and judgments.

These reserve estimates relate to oil and natural gas assets of ¥63,354 million included in property, plant and equipment as of September 30, 2026 (¥70,332 million as of the end of the previous fiscal year and ¥72,095 million as of the transition date). They also affect the impairment testing described above in "(a) Impairment of Non-financial Assets".

As the assumptions used in estimating reserves are affected by changes in future economic conditions that are inherently uncertain, any revision to these assumptions may have a material impact on the condensed interim consolidated financial statements.

(c) Measurement of Long-term Loans to NSRP and Liabilities Recognized in Connection with the Application of the Equity Method

The Group holds a 35.1% equity interest in NSRP, which is engaged in the refining of petroleum and the manufacture and sale of petrochemical products in Vietnam, and accounts for such investment using the equity method as a joint venture. In addition, the Group has long-term loans and reimbursement receivables arising from advances made to NSRP and has provided completion guarantees for borrowings obtained by NSRP from financial institutions.

As the long-term loans constitute long-term interests that form part of the Group's net investment in NSRP, in accordance with "3) Significant Accounting Policies, (a) Basis of Consolidation, b) Associates and Joint Ventures", the Group first measures such loans at fair value as financial assets measured at fair value through income or loss in accordance with IFRS 9 and subsequently applies the equity method in accordance with IAS 28. The fair value of the long-term loans is determined using a discounted cash flow ("DCF") method based on estimated future cash flows derived from NSRP's future business plans and a discount rate reflecting risks specific to the investments and loans provided to NSRP. In addition, as a result of recognizing NSRP's cumulative losses in accordance with IAS 28, the carrying amounts of both the Group's equity interest and the long-term interests have been reduced to zero. Furthermore, to the extent that the Group's share of NSRP's losses exceeds the aggregate carrying amount of its equity interest and long-term interests, the Group recognizes a liability up to the amount of its contractual obligations under the completion guarantees that it has provided. Depending on future changes in circumstances, financial institutions may demand that the Group fulfill the full amount of its contractual obligations under the completion guarantees.

In measuring the fair value of the long-term loans and the liabilities recognized in connection with the application of the equity method, the Group uses key assumptions including petroleum product spreads, plant utilization rates and discount rates incorporated in NSRP's future business plans. These assumptions are subject to uncertainty and may require revision as a result of changes in future market conditions, supply and demand trends, operating performance or other business circumstances. If revisions to these key assumptions result in changes in the fair value of the long-term loans, the amount of cumulative losses to be recognized by the Group and the amount of liabilities recognized in connection with the application of the equity method may also change, which could have a material impact on the Group's share of profit of investments accounted for using the equity method.

5) Management-defined Performance Measures

The Group uses the following management-defined performance measures.

- Income before tax excluding financial expenses
- Income before tax excluding financial expenses (excluding inventory impact)
- Income attributable to owners of the parent (excluding inventory impact)

The measures are not specified by IFRS Accounting Standards and represent management's view of an aspect of the financial performance of the Group as a whole. Therefore, the measures may not be comparable to similar measures used by other companies.

(a) Income before tax excluding financial expenses

Income before tax excluding financial expenses is calculated by deducting interest income and foreign exchange gains (losses) on investing items from income before financing and income tax.

These adjustment items and income or loss in the financing category are defined as financial expenses by the Group. Financial expenses are affected by factors such as financing policies, the interest rate environment, and fluctuations in foreign exchange rates, and therefore do not necessarily reflect the results of business activities.

The Group's management believes that this measure, which excludes financial expenses, is useful in assessing the profitability generated from the Group's business activities themselves.

(b) Income before tax excluding financial expenses (excluding inventory impact), Income attributable to owners of the parent (excluding inventory impact)

Income before tax excluding financial expenses (excluding inventory impact) and income attributable to owners of the parent (excluding inventory impact) are calculated by deducting inventory impact from income before tax excluding financial expenses and income attributable to owners of the parent.

Inventory impact is the impact on cost of sales of the valuation of inventories using the weighted-average method and write-downs due to fluctuations in commodity market conditions, while the Group holds a significant amount of inventories for a certain period as a result of its obligation to stockpile a certain amount of petroleum in Japan pursuant to the Oil Stockpiling Act (Act No. 96 of 1975).

The impact of the weighted-average method is the impact arising from the unit prices of inventories acquired in the past being reflected in cost of sales, and is calculated as the difference between accounting cost of sales calculated based on the weighted-average method and cost of sales based on the actual procurement unit prices and sales volumes for the six months ended September 30, 2026. The impact of write-downs is calculated as the difference between the write-downs of inventories recognized as of March 31, 2026 and September 30, 2026. Inventory impact may have a material impact on profit or loss due to fluctuations in commodity market conditions, but such impact may not necessarily reflect the underlying operating performance of the Group.

Management of the Group believes that these measures excluding inventory impact are useful in understanding trends in profitability arising from the Group's core business activities and in enhancing the comparability of operating performance across reporting periods.

Reconciliation of Management-defined Performance Measures

For the six months ended September 30, 2025

(Unit: ¥Million)

	IFRS Accounting Standards	Adjusting items			Management-defined performance measures
		Interest income	Foreign exchange gains (losses) on investing items	Inventory impact (Cost of sales)	
Income before financing and income tax / Income before tax excluding financial expenses	80,303	(11,671)	(1,301)		67,330
Income before financing and income tax / Income before tax excluding financial expenses (excluding inventory impact)	80,303	(11,671)	(1,301)	57,654	124,984
Income tax expense		1,219	(503)	(17,653)	
Income attributable to owners of the parent / Income attributable to owners of the parent (excluding inventory impact)	61,709			40,000	101,710
Income attributable to non-controlling interests		(7)	—	—	

Notes:
1. The amount of income tax expense is calculated based on the statutory tax rate applicable to the transaction in the relevant tax jurisdiction.
2. Foreign exchange gains (investing) and foreign exchange losses (investing) are included in “Other investment income” or “Other investment expenses” in the condensed interim consolidated statement of income or loss.

For the six months ended September 30, 2026

(Unit: ¥Million)

	IFRS Accounting Standards	Adjusting items			Management-defined performance measures
		Interest income	Foreign exchange gains (losses) on investing items	Inventory impact (Cost of sales)	
Income before financing and income tax / Income before tax excluding financial expenses	471,822	(11,752)	(765)		459,304
Income before financing and income tax / Income before tax excluding financial expenses (excluding inventory impact)	471,822	(11,752)	(765)	(261,088)	198,215
Income tax expense		1,227	(209)	81,901	
Income attributable to owners of the parent / Income attributable to owners of the parent (excluding inventory impact)	322,439			(178,793)	143,645
Income attributable to non-controlling interests		(8)	(7)	(394)	

Notes:
1. The amount of income tax expense is calculated based on the statutory tax rate applicable to the transaction in the relevant tax jurisdiction.
2. Foreign exchange gains (investing) and foreign exchange losses (investing) are included in “Other investment income” or “Other investment expenses” in the condensed interim consolidated statement of income or loss.

6) Notes on the Consolidated Segment Information

(a) Outline of the Reporting Segments

The Group's reportable segments are based on the Group's business units for which separate financial information is available and for which the Board of Directors carries out a periodic review in order to determine the allocation of management resources and to evaluate their operating performance.

Major businesses in each segment are shown in the following table:

Reportable segment	Major businesses
Petroleum	Production, sales, import/export, trading of refined petroleum products, bitumen (high performance asphalt), etc.
Basic chemicals	Production, sales, etc., of olefin/aroma products
Functional materials	Production, sales, etc., of lubricants, performance chemicals, electronic materials, pesticides and functional feed products
Power and renewable energy	Power generation (thermal power, solar power, wind power, etc.), sales of electricity and solar business, etc.
Resources	Exploration, development, production and sales of crude oil, natural gas, and other energy resources, such as coal

Beginning with the six months ended September 30, 2026, the bitumen (high performance asphalt) business, which was previously included in the functional materials segment, has been reclassified to the petroleum segment for the purpose of optimizing the petroleum segment. In addition, a portion of the business of certain subsidiaries previously included in other segments has been reclassified to the petroleum segment due to a change in the management classification. Comparative information has been prepared based on this revised segment classification.

(b) Information about the Reporting Segments

Intersegment revenue and transfers are based on prevailing market prices.

For the six months ended September 30, 2025

(Unit: ¥Million)

	Reportable segment						Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Revenue:										
Revenue from external customers	3,133,619	235,086	255,825	54,333	96,890	3,775,754	9,626	3,785,381	–	3,785,381
Intersegment revenue or transfers	8,895	4,534	11,032	1,349	2	25,813	2,687	28,501	(28,501)	–
Total	3,142,514	239,620	266,858	55,682	96,892	3,801,568	12,314	3,813,882	(28,501)	3,785,381
Segment income (loss) (Note 3)	25,700	(5,539)	30,229	3,658	19,581	73,630	572	74,203	(6,872)	67,330
Interest income	–	–	–	–	–	–	–	–	–	11,671
Foreign exchange gains (losses) on investing items	–	–	–	–	–	–	–	–	–	1,301
Income before financing and income tax	–	–	–	–	–	–	–	–	–	80,303

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, mainly including insurance businesses and intra-group service businesses.
2. The reconciliation amount for the segment income (loss) mainly consists of research and development costs, which do not belong to reportable segments.
3. Segment income (loss) is calculated by deducting interest income and foreign exchange gains (losses) on investing items from income before financing and income tax. The reconciliation from income before financing and income tax to income before tax is presented in the condensed interim consolidated statements of income or loss.

For the six months ended September 30, 2026

(Unit: ¥Million)

	Reportable segment						Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Revenue:										
Revenue from external customers	4,214,357	330,554	312,171	47,752	144,199	5,049,034	6,893	5,055,927	–	5,055,927
Intersegment revenue or transfers	14,862	8,125	12,499	1,532	9	37,029	3,287	40,317	(40,317)	–
Total	4,229,219	338,679	324,670	49,284	144,209	5,086,064	10,181	5,096,245	(40,317)	5,055,927
Segment income (loss) (Note 3)	391,437	1,348	35,266	(3,574)	38,631	463,109	619	463,729	(4,425)	459,304
Interest income	–	–	–	–	–	–	–	–	–	11,752
Foreign exchange gains (losses) on investing items	–	–	–	–	–	–	–	–	–	765
Income before financing and income tax	–	–	–	–	–	–	–	–	–	471,822

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, mainly including insurance businesses and intra-group service businesses.
2. The reconciliation amount for the segment income (loss) mainly consists of research and development costs, which do not belong to reportable segments.
3. Segment income (loss) is calculated by deducting interest income and foreign exchange gains (losses) on investing items from income before financing and income tax. The reconciliation from income before financing and income tax to income before tax is presented in the condensed interim consolidated statements of income or loss.

7) Notes on Going Concern Assumption

None

8) First-Time Adoption of IFRS

The Group has prepared and presented its consolidated financial statements in accordance with IFRS Accounting Standards from the current consolidated fiscal year. The most recent consolidated financial statements prepared in accordance with Japanese GAAP are those for the fiscal year ended March 31, 2026. The date of transition to IFRS Accounting Standards is April 1, 2025.

(a) Exemption in IFRS 1

In principle, IFRS Accounting Standards require that companies adopting IFRS Accounting Standards for the first time ("First-Time Adopter") apply the standards required under IFRS Accounting Standards retrospectively. However, IFRS 1 specifies mandatory exceptions to and optional exemptions from retrospective application for certain requirements under IFRS Accounting Standards. The impact based on the application of these provisions is adjusted in retained earnings and other components of equity at the transition date. The exemptions that the Group applies in connection with the transition from Japanese GAAP to IFRS Accounting Standards are as follows:

a) Business combinations

IFRS 1 permits a first-time adopter to elect not to apply IFRS 3 Business Combinations ("IFRS 3") retrospectively to business combinations that occurred before the date of transition to IFRS Accounting Standards. The Group elected to apply this exemption and not to apply IFRS 3 retrospectively to the business combinations that occurred before the transition date. Accordingly, goodwill arising in business combinations that occurred before the transition date was recorded at the carrying amount under Japanese GAAP at the transition date.

Goodwill is tested for impairment at the transition date, regardless of whether there is an indication of impairment.

b) Use of Deemed Cost

IFRS 1 permits the use of fair value of property, plant and equipment, investment property, intangible assets and right-of-use assets as of the transition date as deemed cost as of that date. The Group has elected to apply the exemption for certain items of property, plant and equipment.

c) Exchange differences on translation of foreign operations

IFRS 1 permits a first-time adopter to elect to deem the cumulative translation differences on foreign operations as of the transition date to be zero. The Group has elected to deem the cumulative translation differences on foreign operations to be zero as of the transition date.

d) Share-based payment

The Group elected not to apply IFRS 2 Share-based Payment to share-based payments vested before the transition date.

e) Leases

IFRS 1 permits a first-time adopter to assess whether a contract contains a lease as of the transition date. The Group applies this exemption and determines whether a contract contains a lease based on the facts and circumstances existing as of the transition date.

f) Decommissioning liabilities included in the cost of property, plant and equipment

With respect to the measurement of liabilities associated with decommissioning, etc. ("decommissioning liabilities") which are included in the cost of property, plant and equipment, IFRS 1 permits a first-time adopter to elect either a method in which decommissioning liabilities are measured retroactively from the point in time when such liabilities first arose, or a method in which decommissioning liabilities are measured at the transition date. The Group elected for the latter in measuring decommissioning liabilities which are included in the cost of property, plant and equipment.

g) Borrowing costs

IFRS 1 permits a first-time adopter to begin capitalizing borrowing costs relating to qualifying assets from the date of transition to IFRS Accounting Standards. The Group capitalizes borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after the transition date.

h) Designation of financial instruments recognized prior to the transition date

IFRS 1 permits a first-time adopter to designate equity instruments as financial assets measured at fair value through other comprehensive income based on facts and circumstances existing as of the transition date. The Group determines the classification based on the facts and circumstances existing as of the transition date, and designates some equity instruments as financial assets measured at fair value through other comprehensive income.

(b) Mandatory exceptions under IFRS 1

IFRS 1 prohibits the retrospective application of IFRS Accounting Standards concerning "estimates", "derecognition of financial assets and financial liabilities", "hedge accounting", "non-controlling interests", "classification and measurement of financial instruments" and others. The Group prospectively applies these items from the transition date.

(c) Reconciliations

The reconciliations required to be disclosed at the first-time adoption of IFRS Accounting Standards are as follows. In the reconciliations below, "Reclassification" includes items that do not affect retained earnings and comprehensive income, while "Differences in recognition and measurement" include items that affect retained earnings and comprehensive income.

a) Reconciliation of equity

As of April 1, 2025 (the transition date)

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Assets						Assets
Current assets:						Current assets:
Cash and deposits	165,762	(1,394)	(812)	163,555	(a)	Cash and cash equivalents
Notes and accounts receivable, trade	817,349	312,288	(8,038)	1,121,600	(b)(c)	Trade and other receivables
Inventories	1,266,953	(25,256)	1,985	1,243,682		Inventories
Accounts receivable, other	298,776	(298,776)	―	―	(b)	
	―	39,805	(291)	39,514	(a)(d)	Other financial assets
Other	104,644	(64,497)	7,114	47,260	(d)	Other current assets
Allowance for doubtful accounts	(3,628)	3,628	―	―	(c)	
Total current assets	2,649,858	(34,203)	(42)	2,615,612		Total current assets
Fixed assets:						Non-current assets:
Property, plant and equipment	1,374,024	(873)	(68,760)	1,304,391	(e)(f)(h)	Property, plant and equipment
Intangible fixed assets						
Goodwill	124,348	―	(90,041)	34,307	(g)	Goodwill
Other	130,231	―	(11,450)	118,780		Intangible assets
	―	47,351	―	47,351	(h)	Investment property
Investments and other assets						
Investment securities	305,764	(263,358)	(42,405)	―	(d)(i)	
	―	242,829	7,964	250,793	(i)	Investments accounted for using the equity method
	―	59,345	42,643	101,988	(c)(d)	Other financial assets
Long-term loans receivable	56,490	(56,490)	―	―	(d)	
Assets for employees' retirement benefits	75,182	(24,529)	(50,653)	―	(k)	
Deferred tax assets	15,946	―	(1,711)	14,235	(j)	Deferred tax assets
Other	97,869	(34,626)	(12,753)	50,489	(d)(e)(k)	Other non-current assets
Allowance for doubtful accounts	(54,130)	54,130	―	―	(c)	
Total fixed assets	2,125,727	23,778	(227,167)	1,922,338		Total non-current assets
Total assets	4,775,586	(10,425)	(227,210)	4,537,950		Total assets

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Liabilities						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable, trade	824,413	443,804	(27,231)	1,240,986	(l)	Trade and other payables
Short-term loans payable	479,642	196,853	23,685	700,181	(a)(m)	Bonds and borrowings
Commercial paper	166,853	(166,853)	－	－	(m)	
Current portion of bonds payable	30,000	(30,000)	－	－	(m)	
Accounts payable, other	426,313	(426,313)	－	－	(l)	
	－	6,075	62,109	68,184	(f)	Lease liabilities
	－	18,804	107,709	126,513	(d)(i)	Other financial liabilities
Income taxes payable	9,793	(1,028)	905	9,670		Income taxes payable
Provision for bonuses	16,706	(16,706)	－	－	(o)	
	－	8,479	(212)	8,266		Provisions
Other	143,684	(48,981)	17,387	112,090	(d)(f)(l)(o)	Other current liabilities
Total current liabilities	2,097,407	(15,866)	184,353	2,265,894		Total current liabilities
Non-current liabilities:						Non-current liabilities:
Bonds payable	110,000	409,879	(1,116)	518,762	(m)	Bonds and borrowings
Long-term loans payable	409,879	(409,879)	－	－	(m)	
	－	37,570	183,891	221,461	(f)	Lease liabilities
	－	27,540	(1,986)	25,554	(d)	Other financial liabilities
Deferred tax liabilities	53,175	－	30,330	83,506	(j)	Deferred tax liabilities
Deferred tax liability related to land revaluation	92,878	－	(92,878)	－	(q)	
Liability for employees' retirement benefits	49,064	－	3,274	52,338		Retirement benefit liability
Reserve for repair work	91,117	－	(91,117)	－	(e)	
Provision for losses related to contracts	10,106	－	(10,106)	－		
Asset retirement obligations	40,013	(40,013)	－	－	(n)	
	－	46,246	7,945	54,191	(e)(n)	Provisions
Other	84,242	(66,939)	30,424	47,727	(d)(f)	Other non-current liabilities
Total non-current liabilities	940,478	4,404	58,659	1,003,542		Total non-current liabilities
Total liabilities	3,037,886	(11,462)	243,013	3,269,437		Total liabilities

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Net assets						
Shareholders' equity:						Equity:
Common stock	168,351	—	—	168,351		Share capital
Capital surplus	354,693	1,037	(1,373)	354,358		Capital surplus
Retained earnings	1,111,225	—	(259,334)	851,891		Retained earnings
Treasury stock	(139,690)	—	—	(139,690)		Treasury stock
Accumulated other comprehensive income	225,788	—	(207,783)	18,004	(d)(k) (p)(q)	Other components of equity
	—	—	—	1,252,915		Equity attributable to owners of the parent
Non-controlling interests	17,330	—	(1,733)	15,597		Non-controlling interests
Total net assets	1,737,699	1,037	(470,223)	1,268,513		Total equity
Total liabilities and net assets	4,775,586	(10,425)	(227,210)	4,537,950		Total liabilities and equity

As of September 30, 2025

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Assets						Assets
Current assets:						Current assets:
Cash and deposits	122,164	261,044	14,829	398,038	(a)	Cash and cash equivalents
Notes and accounts receivable, trade	699,983	283,108	(3,555)	979,536	(b)(c)	Trade and other receivables
Inventories	1,147,773	(27,483)	14,461	1,134,750		Inventories
Accounts receivable, other	271,371	(271,371)	―	―	(b)	
	―	42,162	7,653	49,816	(a)(d)	Other financial assets
Other	134,829	(70,458)	(7,024)	57,346	(d)	Other current assets
Allowance for doubtful accounts	(3,343)	3,343	―	―	(c)	
Total current assets	2,372,779	220,344	26,364	2,619,488		Total current assets
Fixed assets:						Non-current assets:
Property, plant and equipment	1,390,403	(1,030)	(85,771)	1,303,601	(e)(f)(h)	Property, plant and equipment
Intangible fixed assets						
Goodwill	132,984	―	(85,225)	47,758	(g)	Goodwill
Other	126,837	―	(11,040)	115,797		Intangible assets
	―	46,843	―	46,843	(h)	Investment property
Investments and other assets						
Investment securities	300,579	(257,080)	(43,499)	―	(d)(i)	
	―	239,693	14,338	254,031	(i)	Investments accounted for using the equity method
	―	74,081	19,449	93,530	(c)(d)	Other financial assets
	―	15,917	(1,354)	14,563	(j)	Deferred tax assets
Other	256,174	(147,744)	(61,121)	47,308	(d)(e)(k)	Other non-current assets
Allowance for doubtful accounts	(53,872)	53,872	―	―	(c)	
Total fixed assets	2,153,106	24,552	(254,224)	1,923,434		Total non-current assets
Total assets	4,525,885	244,896	(227,859)	4,542,922		Total assets

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Liabilities						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable, trade	604,953	369,223	(5,414)	968,761	(l)	Trade and other payables
Short-term loans payable	461,675	477,406	8,664	947,746	(a)(m)	Bonds and borrowings
Commercial paper	194,838	(194,838)	－	－	(m)	
Current portion of bonds payable	20,000	(20,000)	－	－	(m)	
Accounts payable, other	344,074	(344,074)	－	－	(l)	
	－	6,360	54,299	60,659	(f)	Lease liabilities
	－	17,869	90,630	108,500	(d)(i)	Other financial liabilities
Income taxes payable	10,573	(603)	283	10,253		Income taxes payable
Provision for bonuses	14,577	(14,577)	－	－	(o)	
	－	6,304	(143)	6,161		Provisions
Other	146,175	(55,450)	20,249	110,974	(d)(f) (l)(o)	Other current liabilities
Total current liabilities	1,796,867	247,620	168,569	2,213,058		Total current liabilities
Non-current liabilities:						Non-current liabilities:
Bonds payable	90,000	458,327	1,161	549,488	(m)	Bonds and borrowings
Long-term loans payable	458,327	(458,327)	－	－	(m)	
	－	36,053	170,034	206,087	(f)	Lease liabilities
	－	23,564	1,213	24,777	(d)	Other financial liabilities
	－	44,363	34,075	78,439	(j)	Deferred tax liabilities
Liability for employees' retirement benefits	49,864	－	4,198	54,062		Retirement benefit liability
Reserve for repair work	112,954	－	(112,954)	－	(e)	
Provision for losses related to contracts	9,440	－	(9,440)	－		
Asset retirement obligations	38,051	(38,051)	－	－	(n)	
	－	44,977	10,780	55,757	(e)(n)	Provisions
Other	219,873	(114,829)	(61,056)	43,987	(d)(f)	Other non-current liabilities
Total non-current liabilities	978,510	(3,921)	38,011	1,012,601		Total non-current liabilities
Total liabilities	2,775,378	243,699	206,581	3,225,659		Total liabilities

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Net assets						
Shareholders' equity:						Equity:
Common stock	168,351	—	—	168,351		Share capital
Capital surplus	280,726	1,197	(3,106)	278,817		Capital surplus
Retained earnings	1,128,366	—	(236,625)	891,741		Retained earnings
Treasury stock	(66,475)	—	—	(66,475)		Treasury stock
Accumulated other comprehensive income	215,423	—	(191,031)	24,391	(d)(k) (p)(q)	Other components of equity
	—	—	—	1,296,827		Equity attributable to owners of the parent
Non-controlling interests	24,113	—	(3,677)	20,435		Non-controlling interests
Total net assets	1,750,506	1,197	(434,441)	1,317,262		Total equity
Total liabilities and net assets	4,525,885	244,896	(227,859)	4,542,922		Total liabilities and equity

As of March 31, 2026 (the end of the previous fiscal year)

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Assets						Assets
Current assets:						Current assets:
Cash and deposits	212,306	166,887	2,648	381,842	(a)	Cash and cash equivalents
Notes and accounts receivable, trade	841,806	359,860	(205)	1,201,461	(b)(c)	Trade and other receivables
Inventories	1,375,562	(34,375)	16,656	1,357,844		Inventories
Accounts receivable, other	342,029	(342,029)	－	－	(b)	
	－	119,689	(6,004)	113,684	(a)(d)	Other financial assets
Other	197,527	(143,184)	2,327	56,670	(d)	Other current assets
Allowance for doubtful accounts	(3,558)	3,558	－	－	(c)	
Total current assets	2,965,674	130,407	15,421	3,111,503		Total current assets
Fixed assets:						Non-current assets:
Property, plant and equipment	1,523,513	(5,897)	(37,591)	1,480,024	(e)(f)(h)	Property, plant and equipment
Intangible fixed assets						
Goodwill	129,776	－	(80,699)	49,077	(g)	Goodwill
Other	130,422	－	(11,069)	119,353		Intangible assets
	－	49,756	－	49,756	(h)	Investment property
Investments and other assets						
Investment securities	339,979	(292,269)	(47,710)	－	(d)(i)	
	－	266,557	14,387	280,944	(i)	Investments accounted for using the equity method
	－	107,683	(2)	107,680	(c)(d)	Other financial assets
Long-term loans receivable	97,839	(97,839)	－	－	(d)	
Assets for employees' retirement benefits	90,328	(28,601)	(61,727)	－	(k)	
Deferred tax assets	17,592	(303)	(1,745)	15,543	(j)	Deferred tax assets
Other	91,916	(26,556)	(10,020)	55,338	(d)(e)(k)	Other non-current assets
Allowance for doubtful accounts	(58,251)	58,251	－	－	(c)	
Total fixed assets	2,363,117	30,780	(236,178)	2,157,719		Total non-current assets
Total assets	5,328,792	161,187	(220,756)	5,269,223		Total assets

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Liabilities						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable, trade	852,648	443,688	(7,724)	1,288,612	(l)	Trade and other payables
Short-term loans payable	503,466	486,832	5,349	995,648	(a)(m)	Bonds and borrowings
Commercial paper	244,726	(244,726)	－	－	(m)	
Current portion of bonds payable	20,000	(20,000)	－	－	(m)	
Accounts payable, other	433,703	(433,703)	－	－	(l)	
	－	7,989	66,275	74,264	(f)	Lease liabilities
	－	46,419	81,747	128,167	(d)(i)	Other financial liabilities
Income taxes payable	48,650	(1,633)	1,563	48,580		Income taxes payable
Provision for bonuses	17,387	(17,387)	－	－	(o)	
	－	3,543	117	3,660		Provisions
Other	230,827	(105,980)	21,900	146,748	(d)(f) (l)(o)	Other current liabilities
Total current liabilities	2,351,410	165,042	169,229	2,685,682		Total current liabilities
Non-current liabilities:						Non-current liabilities:
Bonds payable	100,000	494,087	(27)	594,060	(m)	Bonds and borrowings
Long-term loans payable	494,087	(494,087)	－	－	(m)	
	－	34,518	188,943	223,462	(f)	Lease liabilities
	－	23,072	1,711	24,783	(d)	Other financial liabilities
Deferred tax liabilities	58,273	(73)	35,824	94,025	(j)	Deferred tax liabilities
Deferred tax liability related to land revaluation	95,058	－	(95,058)	－	(q)	
Liability for employees' retirement benefits	49,443	(155)	1,549	50,837		Retirement benefit liability
Reserve for repair work	104,409	－	(104,409)	－	(e)	
Asset retirement obligations	44,550	(44,550)	－	－	(n)	
	－	50,639	12,109	62,748	(e)(n)	Provisions
Other	80,458	(68,690)	32,301	44,068	(d)(f)	Other non-current liabilities
Total non-current	1,026,281	(5,240)	72,945	1,093,986		Total non-current
Total liabilities	3,377,692	159,801	242,175	3,779,669		Total liabilities

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Net assets						
Shareholders' equity:						Equity:
Common stock	168,351	—	—	168,351		Share capital
Capital surplus	278,253	1,386	(1,305)	278,334		Capital surplus
Retained earnings	1,248,391	—	(257,732)	990,659		Retained earnings
Treasury stock	(68,785)	—	(7,363)	(76,148)		Treasury stock
Accumulated other comprehensive income	291,914	—	(190,543)	101,370	(d)(k) (p)(q)	Other components of equity
	—	—	—	1,462,567		Equity attributable to owners of the parent
Non-controlling interests	32,974	—	(5,987)	26,986		Non-controlling interests
Total net assets	1,951,099	1,386	(462,932)	1,489,553		Total equity
Total liabilities and net assets	5,328,792	161,187	(220,756)	5,269,223		Total liabilities and equity

Notes on reconciliation of equity

(a) Cash and deposits

Time deposits with maturities of over three months, which were included in "Cash and deposits" under Japanese GAAP, are reclassified as "Other financial assets (current)" under IFRS Accounting Standards. The Group has entered into a notional pooling arrangement with external financial institutions. Under Japanese GAAP, "Cash and deposits" and "Short-term loans payable" recognized under this arrangement were presented on a net basis from September 30, 2025. Under IFRS Accounting Standards, however, such balances have not been offset because the offsetting criteria set out in IAS 32, Financial Instruments: Presentation ("IAS 32") were not met. The amounts not offset as of September 30, 2025 and March 31, 2026 were ¥262,568 million and ¥222,105 million, respectively. In addition, there was no "Short-term loans payable" balance under this notional pooling arrangement at the transition date.

(b) Account receivable

"Accounts receivable, other", which was separately presented under Japanese GAAP, is reclassified as "Trade and other receivables" under IFRS Accounting Standards.

(c) Loss allowance

"Allowance for doubtful accounts (current)", which was separately presented under Japanese GAAP, is reclassified to be presented on a net basis by directly deducting the item from "Trade and other receivables" under IFRS Accounting Standards. Likewise, "Allowance for doubtful accounts (non-current)" is reclassified to be presented on a net basis by directly deducting the item from "Other financial assets (non-current)".

(d) Other financial assets and other financial liabilities

Financial assets, which were included in "Other (current)" under Japanese GAAP, are reclassified as "Other financial assets (current)" under IFRS Accounting Standards. "Investment securities" and "Long-term loans receivable", which were separately presented under Japanese GAAP, are reclassified as "Other financial assets (non-current)" under IFRS Accounting Standards. Financial assets included in "Other (non-current)" under Japanese GAAP are also reclassified and presented as "Other financial assets (non-current)" under IFRS Accounting Standards. Unlisted shares, which were recorded based on acquisition cost and were subject to impairment when the financial condition of the issuer deteriorated under Japanese GAAP, are measured at fair value through other comprehensive income under IFRS Accounting Standards.

Financial liabilities, which were included in "Other (current)" under Japanese GAAP, are reclassified as "Other financial liabilities (current)" under IFRS Accounting Standards. Financial liabilities, which were included in "Other (non-current)" under Japanese GAAP, are also reclassified as "Other financial liabilities (non-current)" under IFRS Accounting Standards.

(e) Property, plant and equipment

Certain land is measured using its fair value at the date of transition to IFRS Accounting Standards as deemed cost. The fair value of such assets at the date of transition was ¥238,526 million, representing a decrease of ¥452,299 million compared with its carrying amount under Japanese GAAP.

In addition, impairment losses were recognized on property, plant and equipment related to solar power generation projects in North America based on their recoverable amounts. As a result, "property, plant and equipment" decreased by ¥25,828 million and ¥42,401 million at the transition date and the end of the previous fiscal year, respectively.

Furthermore, reserve for large-scale regular maintenance costs that had been recognized under Japanese GAAP was reversed because they did not meet the recognition criteria under IFRS Accounting Standards. Expenditures incurred when large-scale regular maintenance is performed are capitalized as part of the carrying amount of property, plant and equipment and depreciated over the period until the next scheduled large-scale regular maintenance. As a result, at the date of transition and the end of the previous fiscal year, "reserve for repair work" of ¥87,060 million and ¥101,002 million recognized under Japanese GAAP was reversed, while expenditures relating to large-scale regular maintenance performed in prior periods that met the capitalization criteria under IFRS Accounting Standards were recognized as "property, plant and equipment" amounting to ¥83,990 million and ¥115,816 million, respectively. During the comparative period for the fiscal year ended March 31, 2026, the repair reserve recognized under Japanese GAAP exceeded the depreciation expense relating to the previous large-scale regular maintenance that had been capitalized as property, plant and equipment under IFRS Accounting Standards. As a result, gross profit increased by ¥9,902 million and ¥21,091 million for the six months ended September 30, 2025 and for the fiscal year ended March 31, 2026, respectively.

In addition, under Japanese GAAP, assets related to the exploration, evaluation and development of oil and natural gas were included in "Other" within investments and other assets. Under IFRS Accounting Standards, however, such assets are presented as property, plant and equipment. Furthermore, differences in the recognition and depreciation methods applied to these assets under Japanese GAAP and IFRS Accounting Standards resulted in differences in their carrying amounts. As a result of reflecting these differences, "property, plant and equipment" increased by ¥72,095 million and ¥70,332 million at the date of transition and the end of the previous fiscal year, respectively.

(f) Lease

Lease obligations included in "Other (current)" under Japanese GAAP are reclassified and presented as "Lease liabilities (current)" under IFRS Accounting Standards. Lease obligations included in "Other (non-current)" under Japanese GAAP are reclassified and presented as "Lease liabilities (non-current)" under IFRS Accounting Standards.

Under Japanese GAAP, lease transactions as a lessee were classified into finance leases and operating leases, and operating leases were accounted for in a manner similar to ordinary rental transactions. Under IFRS Accounting Standards, leases as a lessee are not classified into finance leases and operating leases. Accordingly, all lease transactions are recognized as "Property, plant and equipment" and "Lease liabilities", except for those that qualify for the recognition exemptions.

(g) Goodwill

Under Japanese GAAP, goodwill was amortized on a systematic basis. As goodwill is not amortized under IFRS Accounting Standards, amortization ceased from the date of transition to IFRS Accounting Standards. In addition, under Japanese GAAP, impairment testing was performed only when there were indications of impairment. Under IFRS Accounting Standards, goodwill is tested for impairment annually and whenever there is an indication of impairment. As a result of the impairment test performed on the date of transition to IFRS Accounting Standards, the Group recognized an impairment loss of ¥90,034 million on goodwill relating to the petroleum segment. The impairment loss was recognized solely against goodwill, and no impairment loss was recognized for property, plant and equipment or other fixed assets within the relevant group of cash-generating units ("CGUs").

The recoverable amount of the CGU group was determined based on value in use. The value in use was calculated by discounting to present value the estimated nominal future cash flows derived from a five-year business plan approved by management using a pre-tax discount rate. Such cash flow estimates reflect actual performance as of the date of transition, future supply and demand forecasts, large-scale regular maintenance plans, and future price assumptions. A terminal value, calculated using a medium- to long-term growth rate, was added to the forecast cash flows. The medium- to long-term growth rate was determined to be negative 0.15%, taking into account, among other factors, the Seventh Strategic Energy Plan and petroleum products demand outlook published by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry, publicly available scenarios issued by the International Energy Agency (IEA) and other organizations, as well as long-term inflation expectations. The discount rate applied was 6.5% on a pre-tax basis, reflecting the risks specific to the relevant CGU group.

(h) Investment property

"Investment property", which was included within "property, plant and equipment" under Japanese GAAP, has been reclassified and presented separately as investment property in accordance with the presentation requirements of IFRS Accounting Standards.

(i) Investments accounted for using the equity method

"Investments accounted for using the equity method", which was included in "Investment securities" under Japanese GAAP, is separately presented under IFRS Accounting Standards. Under IFRS Accounting Standards, when long-term loans and other interests in an investee accounted for using the equity method form part of the net investment in the investee, such long-term interests are first classified as financial assets in accordance with IFRS 9 and then measured based on such classification. Subsequently, the investor recognizes its share of the investee's profit or loss in respect of such long-term interests after measurement in accordance with IFRS 9, in accordance with IAS 28. As a result of applying the equity method, once the carrying amounts of both the equity interest and the long-term interests have been reduced to zero, further losses are recognized as liabilities only to the extent that the Group has incurred contractual or constructive obligations, including obligations arising from guarantees. In relation to NSRP, liabilities arising from the application of the equity method were recognized at the transition date and the end of the previous fiscal year for its cumulative losses, up to the amount of the contractual obligation associated with the completion guarantee provided in respect of the project financing arrangement. As a result, ¥113,196 million and ¥87,891 million were recognized within "Other financial liabilities (current)" respectively.

(j) Deferred tax assets and deferred tax liabilities

Upon adoption of IFRS Accounting Standards, the Group reassessed the recoverability of all deferred tax assets. In addition, deferred tax assets and deferred tax liabilities have been recognized for temporary differences arising from adjustments made in the transition from Japanese GAAP to IFRS Accounting Standards.

(k) Assets for employees' retirement benefits

Under Japanese GAAP, "assets for employees' retirement benefits" were separately presented. Under IFRS Accounting Standards, such assets are presented within "Other non-current assets". In addition, unlike Japanese GAAP, IFRS Accounting Standards limits the net defined benefit asset recognized in the statement of financial position to the asset ceiling where a defined benefit plan is in a surplus position. As a result, "assets for employees' retirement benefits" decreased by ¥50,653 million and ¥61,727 million as of the transition date and the end of the previous fiscal year, respectively.

(l) Trade and other payables

"Accounts payable, other" that were separately presented under Japanese GAAP, together with other accrued expenses that had been included in "Other (current)", have been reclassified to "Trade and other payables" under IFRS Accounting Standards.

(m) Bonds and borrowings

"Short-term loans payable", "Commercial paper", and "Current portion of bonds payable", which were separately presented as current liabilities under Japanese GAAP, are presented as "Bonds and borrowings (current)" under IFRS Accounting Standards. "Bonds payable" and "Long-term loans payable", which were separately presented as long-term liabilities under Japanese GAAP, are presented as "Bonds and borrowings (non-current)" under IFRS Accounting Standards.

(n) Asset retirement obligations

"Asset retirement obligations" that were separately presented under Japanese GAAP have been reclassified and presented as "Provisions (non-current)" under IFRS Accounting Standards.

(o) Other current liabilities

"Provision for bonuses", which was separately presented in current liabilities under Japanese GAAP, is reclassified as "Other current liabilities" under IFRS Accounting Standards. Under Japanese GAAP, unused paid absences were not accounted for; however, under IFRS Accounting Standards, they are recognized as a liability and presented in "Other current liabilities".

(p) Cumulative exchange differences on translation of foreign operations

Upon the first-time adoption of IFRS Accounting Standards, the Group elected to apply exemptions provided under IFRS 1 and transferred all cumulative exchange differences on translation of foreign operations as of the transition date to retained earnings.

(q) Surplus for land revaluation

Under Japanese GAAP, pursuant to the Land Revaluation Act (Act No. 34 promulgated on March 31, 1998), land used for business purposes was revalued, with the related tax effect recognized as "Deferred tax liability related to land revaluation" and the resulting revaluation surplus recognized as "Surplus for land revaluation" within equity. Upon transition to IFRS Accounting Standards the related "Deferred tax liability related to land revaluation" and "Surplus for land revaluation" were reversed.

(r) The scope of consolidation

Under Japanese GAAP, subsidiaries whose impact on the consolidated financial statements was considered immaterial were excluded from the scope of consolidation.

Under IFRS Accounting Standards, control is assessed based on the substance of the relationship, including whether the Group has power over the activities that significantly affect the investee's returns. Entities determined to be controlled are included in the scope of consolidation.

b) Reconciliation of retained earnings

(Unit: ¥Million)

	Transition date (As of April 1, 2025)	The end of the interim period of the previous fiscal year (As of September 30, 2025)	Previous fiscal year (As of March 31, 2026)
Adjustments to the recorded amount of property, plant and equipment (excluding right-of-use assets)	(325,823)	(337,083)	(323,710)
Adjustments to the recorded amount of goodwill and intangible assets	(102,340)	(97,371)	(92,801)
Adjustments to other financial assets and other financial liabilities	(96,020)	(90,586)	(114,905)
Adjustments to deferred tax assets and deferred tax liabilities	59,985	57,387	57,421
Adjustments to accrued paid absences	(7,138)	(7,400)	(8,259)
Recognition of right-of-use assets and lease liabilities	(22,218)	(17,378)	(13,590)
Adjustments to post-employment benefits	(21,015)	(23,355)	(23,088)
Adjustments to reserve for repair work	91,117	112,954	104,409
Adjustments to government grants	(30,046)	(28,369)	(30,149)
Adjustments to surplus for land revaluation	137,848	137,675	136,390
Reclassification of cumulative exchange differences on translation of foreign operations	30,018	30,018	30,018
Differences in the scope of consolidation	17,064	18,077	17,667
Other	9,237	8,805	2,865
Total	(259,334)	(236,625)	(257,732)

c) Reconciliations of income or loss and comprehensive income

For the Six Months Ended September 30, 2025 (April 1, 2025 - September 30, 2025)

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Net sales	3,805,653	—	(20,271)	3,785,381		Revenue
Cost of sales	3,521,652	1,258	(41,644)	3,481,267	(e)	Cost of sales
Gross profit	284,000	(1,258)	21,372	304,114		Gross profit
Selling, general and administrative expenses	258,156	(250,815)	(7,340)	—	(a)(b) (d)(e)	
	—	189,245	—	189,245	(a)	Selling expenses
	—	60,311	—	60,311	(a)	General and administrative expenses
	—	8,855	3,011	11,867	(a)	Other operating income
	—	6,082	3,173	9,256	(a)	Other operating expenses
Operating income (loss)	25,844	2,773	28,550	57,168		Operating income (loss)
Non-operating income	20,265	(20,265)	—	—	(a)	
Non-operating expenses	10,844	(10,844)	—	—	(a)	
Extraordinary income	11,615	(9,881)	(1,734)	—	(a)(e)	
Extraordinary losses	5,623	(3,586)	(2,037)	—	(a)(e)	
	—	3,996	(722)	3,273	(a)	Share of profit of investments accounted for using the equity method
	—	11,209	461	11,671	(a)	Interest income
	—	11,891	(2,126)	9,765	(a)	Other investment income
	—	—	1,576	1,576	(a)	Other investment expenses
	—	—	—	80,303		Income before financing and income tax
	—	9,345	3,021	12,366	(a)(e)	Interest expenses related to borrowings and leasing liabilities
	—	—	10,970	10,970	(a)(f)	Other financial income
	—	4,809	453	5,263	(a)	Other financial expense
Income (loss) before income taxes	41,257	—	32,386	73,643		Income before tax
Income tax	6,042	—	5,335	11,377	(g)	Income tax expense
Net income	35,214	—	27,051	62,266		Income

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Net income	35,214	—	27,051	62,266		Income
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to income or loss
Unrealized gain on available-for-sale securities	685	—	(1,540)	(855)	(e)	Financial assets measured at fair value through other comprehensive income
Defined retirement benefit plans	(1,674)	—	1,671	(2)	(c)	Remeasurements of defined benefit plans
	—	(142)	—	(142)		Share of other comprehensive income of investments accounted for using the equity method
						Items that may be reclassified to income or loss
Deferred gains (losses) on hedging activities, net	468	—	(1,220)	(752)		Cash flow hedges
Foreign currency translation adjustments	2,180	—	7,314	9,495	(h)	Exchange differences on translation of foreign operations
Share of other comprehensive income in the equity method affiliates	(2,105)	142	1,365	(597)	(h)	Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	(445)	—	7,590	7,145		Other comprehensive income, net of tax
Comprehensive income	34,768	—	34,642	69,411		Comprehensive income

For the fiscal year ended March 31, 2026 (April 1, 2025 - March 31, 2026)

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Net sales	8,105,891	(6,208)	(45,414)	8,054,269		Revenue
Cost of sales	7,351,406	(2,016)	(87,947)	7,261,443	(e)	Cost of sales
Gross profit	754,484	(4,192)	42,532	792,825		Gross profit
Selling, general and administrative expenses	542,280	(544,197)	1,916	―	(a)(b) (d)(e)	
	―	394,549	―	394,549	(a)	Selling expenses
	―	146,259	―	146,259	(a)	General and administrative expenses
	―	33,746	18,427	52,174	(a)	Other operating income
	―	40,732	22,393	63,126	(a)	Other operating expenses
Operating income (loss)	212,203	(7,789)	36,650	241,064		Operating income (loss)
Non-operating income	44,910	(44,910)	―	―	(a)	
Non-operating expenses	27,467	(27,467)	―	―	(a)	
Extraordinary income	27,529	(21,130)	(6,399)	―	(a)(e)	
Extraordinary losses	35,039	(32,150)	(2,889)	―	(a)(e)	
	―	3,640	(8,614)	(4,973)	(a)	Share of profit (loss) of investments accounted for using the equity method
	―	22,103	1,032	23,135	(a)	Interest income
	―	23,113	(3,341)	19,771	(a)	Other investment income
	―	2,973	4,994	7,968	(a)	Other investment expenses
	―	―	―	271,029		Income before financing and income tax
	―	21,021	5,687	26,709	(a)(e)	Interest expenses related to borrowings and leasing liabilities
	―	―	5,842	5,842	(a)(f)	Other financial income
	―	10,650	1,906	12,557	(a)	Other financial expense
Income (loss) before income taxes	222,136	―	15,469	237,605		Income before tax
Income tax-current	66,244	(9,209)	4,373	61,408	(g)	Income tax expense
Income tax-deferred	(9,209)	9,209	―	―	(g)	
Net income	165,100	―	11,095	176,196		Income

(Unit: ¥Million)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Line items under IFRS
Net income	165,100	—	11,095	176,196		Income
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to income or loss
Unrealized gain on available-for-sale securities	1,950	—	(1,819)	130	(e)	Financial assets measured at fair value through other comprehensive income
Defined retirement benefit plans	7,232	—	(1,269)	5,962	(c)	Remeasurements of defined benefit plans
Surplus from land revaluation	(449)	—	449	—		
	—	(152)	(6,016)	(6,168)		Share of other comprehensive income of investments accounted for using the equity method
						Items that may be reclassified to income or loss
Deferred gains (losses) on hedging activities, net	3,250	—	(898)	2,351		Cash flow hedges
Foreign currency translation adjustments	59,732	—	22,010	81,742	(h)	Exchange differences on translation of foreign operations
Share of other comprehensive income in the equity method affiliates	6,039	152	1,916	8,107	(h)	Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	77,755	—	14,371	92,126		Other comprehensive income, net of tax
Comprehensive income	242,856	—	25,466	268,322		Comprehensive income

Notes on reconciliations of income or loss and comprehensive income

(a) Adjustments to line items presented in the statement of income or loss

Under Japanese GAAP, "Selling expenses and general and administrative expenses" were included in "Selling, general and administrative expenses". Under IFRS Accounting Standards, such expenses are presented separately as either "Selling expenses" or "General and administrative expenses".

In addition, foreign exchange gains (losses) that were separately presented as "Foreign exchange gains" and "Foreign exchange losses" under Japanese GAAP are presented under IFRS Accounting Standards according to the nature of the underlying transactions. Foreign exchange gains (losses) arising from operating activities are presented as "Other operating income" and "Other operating expenses", respectively; those arising from investing activities are presented as "Other investment income" and "Other investment expenses", respectively; and those arising from transactions solely related to financing activities are presented as "Other financial income" and "Other financial expense", respectively.

Furthermore, items that were presented as "Non-operating income", "Non-operating expenses", "Extraordinary income", and "Extraordinary losses" under Japanese GAAP are presented under IFRS Accounting Standards based on their nature. Interest income is presented as "Interest income"; investment-related income and expenses other than interest income are presented as "Other investment income" and "Other investment expenses"; interest expenses on borrowings and leasing liabilities are presented as "Interest expenses related to borrowings and leasing liabilities"; and finance-related income and expenses other than such interest expenses are presented as "Other financial income" and "Other financial expense". Other items are presented as "Other operating income", "Other operating expenses", and "Share of profit of investments accounted for using the equity method".

(b) Cessation of amortization of goodwill

Under Japanese GAAP, goodwill is amortized. However, goodwill is not amortized under IFRS Accounting Standards. Goodwill amortization expense recognized under Japanese GAAP was included in "Selling, general and administrative expenses" and amounted to ¥4,598 million and ¥9,015 million for the six-month period ended September 30, 2025 and the fiscal year ended March 31, 2026, respectively.

(c) Accounting method for retirement benefit liability

Under Japanese GAAP, actuarial gains and losses were recognized in other comprehensive income as incurred and expensed on a straight-line basis over a certain number of years within the average remaining service period of employees, starting in the following fiscal year of the incurrence. Under IFRS Accounting Standards, actuarial gains and losses are recognized in other comprehensive income as incurred and immediately transferred to retained earnings.

(d) Unused paid absences

Under Japanese GAAP, unused paid absences were not accounted for. Under IFRS Accounting Standards, they are recognized and presented in "Selling expenses" and "General and administrative expenses".

(e) Adjustments related to financial instruments

Under Japanese GAAP, gains or losses on sales of investment securities or impairment losses were recognized and presented as “extraordinary income” and “extraordinary losses”. Under IFRS Accounting Standards, for equity instruments designated as financial assets measured at fair value through other comprehensive income, changes in fair value are recognized in other comprehensive income and, upon derecognition, are transferred to retained earnings. In addition, under Japanese GAAP, lease payments for operating leases were recognized in “Cost of sales” and “Selling, general and administrative expenses”; however, under IFRS Accounting Standards, recognition of lease liabilities is generally required for all leases, and interest expense is recognized in “Interest expenses related to borrowings and leasing liabilities”.

(f) Other financial income

Under Japanese GAAP, accelerated share repurchase transactions were accounted for as a single transaction for the acquisition of treasury stock, and no gain or loss was recognized during the comparative periods. Under IFRS Accounting Standards, the price adjustment component of such transactions, under which the final number of shares to be delivered or the final settlement amount varies based on the average share price or other factors, is recognized as a derivative in accordance with IAS 32. The derivative is measured at fair value, and changes in its fair value are recognized in income or loss.

As a result, “Other financial income” increased by ¥10,958 million and ¥5,815 million for the six-month period ended September 30, 2025 and the fiscal year ended March 31, 2026, respectively.

(g) Income tax expense

Under Japanese GAAP, “Income taxes-current” and “Income taxes-deferred” were presented separately. Under IFRS Accounting Standards, they are presented in total as “Income tax expense”.

(h) Exchange differences on translation of foreign operations and share of other comprehensive income of investments accounted for using the equity method

Under Japanese GAAP, foreign subsidiaries and equity-accounted investees with different reporting dates were translated using the foreign exchange rates prevailing at their respective reporting dates. Under IFRS Accounting Standards, in principle, such entities are translated using the foreign exchange rates at the end of the reporting period after aligning the reporting dates. As a result, differences arise in the exchange differences on translation of foreign operations and share of other comprehensive income of investments accounted for using the equity method presented in the statement of comprehensive income due to the use of different exchange rates under Japanese GAAP and IFRS Accounting Standards.

Notes on reconciliations of cash flows

(a) Reconciliation of Cash Flows for the six months ended September 30, 2025

The consolidated statement of cash flows disclosed in accordance with IFRS Accounting Standards shows an increase of ¥41,163 million in cash flows from operating activities, an increase of ¥13,215 million in cash flows from investing activities, and an increase of ¥207,404 million in cash flows from financing activities compared with the consolidated statement of cash flows prepared in accordance with Japanese GAAP.

This is mainly due to changes in the scope of consolidation. Under Japanese GAAP, subsidiaries with immaterial significance were excluded from the scope of consolidation, whereas under IFRS Accounting Standards such subsidiaries are included in the scope of consolidation.

In addition, under Japanese GAAP, lease payments related to operating lease transactions were classified as cash flows from operating activities. Under IFRS Accounting Standards, recognition of lease liabilities is generally required for all leases, and repayments of lease liabilities are classified as cash flows from financing activities.

The costs of large-scale regular maintenance, which were classified as cash flows from operating activities under Japanese GAAP, are classified as cash flows from investing activities under IFRS Accounting Standards.

Furthermore, under Japanese GAAP, “Cash and deposits” and “Short-term loans payable” recognized under notional pooling arrangements were presented on a net basis. Under IFRS Accounting Standards such balances have not been offset. There was no Short-term loans payable balance under this arrangement at the transition date. As a short-term loans payable balance existed as of September 30, 2025, the increase in such short-term loans payable is reflected in cash flows from financing activities under IFRS Accounting Standards.

(b) Reconciliation of Cash Flows for the Fiscal Year Ended March 31, 2026

The consolidated statement of cash flows disclosed in accordance with IFRS Accounting Standards shows an increase of ¥142,662 million in cash flows from operating activities, a decrease of ¥42,084 million in cash flows from investing activities, and an increase of ¥97,043 million in cash flows from financing activities compared with the consolidated statement of cash flows prepared in accordance with Japanese GAAP.

This is mainly due to changes in the scope of consolidation. Under Japanese GAAP, subsidiaries with immaterial significance were excluded from the scope of consolidation, whereas under IFRS Accounting Standards such subsidiaries are included in the scope of consolidation.

In addition, under Japanese GAAP, lease payments related to operating lease transactions were classified as cash flows from operating activities. Under IFRS Accounting Standards, recognition of lease liabilities is generally required for all leases, and repayments of lease liabilities are classified as cash flows from financing activities.

The costs of large-scale regular maintenance, which were classified as cash flows from operating activities under Japanese GAAP, are classified as cash flows from investing activities under IFRS Accounting Standards.

Furthermore, under Japanese GAAP, “Cash and deposits” and “Short-term loans payable” recognized under notional pooling arrangements were presented on a net basis. Under IFRS Accounting Standards such balances have not been offset. There was no Short-term loans payable balance under this arrangement at the transition date. As a short-term loans payable balance existed as of March 31, 2026, the increase in such short-term loans payable is reflected in cash flows from financing activities under IFRS Accounting Standards.