This document provides a summary of the question and answer sessions at the Financial Results briefing held on November 12, 2025.

Instructor: Takashi Sato　　Director, Executive Officer

1. Provide detailed information about the business operations of Kygnus Sekiyu K.K. and the key factors of its current performance decline.

A. We sincerely apologize for the significant decline in profits this fiscal period, primarily due to certain transactions in Kygnus Sekiyu K.K., which has caused concern among our shareholders.

First, I will explain the business operations of Kygnus Sekiyu K.K.
Kygnus Sekiyu K.K. is a so-called “the oil refiner and distributor”. While it once operated refineries, it no longer engages in oil refining. It primarily purchases oil from Cosmo Oil Co., Ltd. and sells it to its 420 service stations bearing the Kygnus brand, as well as conducting transactions with non-affiliated fuel trading companies. It also owns oil depots in Nagoya, Kanazawa, and Takasago, Hyogo Prefecture.

The key factors of this performance decline include significant crude oil price fluctuations due to Trump’s tariffs and Middle East tensions, the extension of subsidy, and heightened discussions about abolishing the provisional tax rates for gasoline and diesel oil. These factors led to widespread expectations of falling oil prices, unrelated to market supply-demand balance. Consequently, in Kygnus Sekiyu’s transactions with trading companies, the purchase price movements diverged from market price movements, resulting in a significant reduction in profit margins. This situation is unprecedented for Kygnus Sekiyu K.K.

Consequently, market price formation is expected to move toward normalization.
Looking ahead, the schedule for abolishing the provisional tax rates for gasoline and diesel oil has been decided. However, it may take some time for profit margins to recover to appropriate levels while nothing can be stated definitively. Recognizing this situation, we will promptly improve the problematic transactions and work to make up for the lag in performance.

2. Provide the current status and future outlook for the Aviation-related business.

A. The Aviation-related business manages refueling facilities and operates refueling services at airports nationwide, including Haneda Airport. Facility usage fees from the Company-owned refueling facilities at Haneda Airport constitute the main revenue source for this business. The aviation-related business, including Haneda Airport operations, is structured such that increased aviation demand leads to higher income.
Since the end of the COVID-19 pandemic, aviation demand has been steadily increasing due to the rise in foreign visitors to Japan. We anticipate continued steady growth at a moderate pace.

3. Is the Petroleum-related business sustainable?

A. Certain transaction at Kygnus Sekiyu K.K. affected performance of our group this fiscal year. A transaction of Kygnus Sekiyu for service stations remained robust, consistent with the previous year.Furthermore, the Petroleum-related businesses other than Kygnus Sekiyu are securing resonable profits.
While we will improve the problematic transactions, we plan to achieve our goals by having other businesses, including the Aviation-related business, support our performance.

4. The Company has announced a goal of achieving a 100% total return ratio. Will the Company repurchase own shares this fiscal year?

A. Under the mid-term management plan of the Company, we are targeting a total return ratio of 100%.
At the Board of Directors meeting on November 11th, we resolved to pay an interim dividend of ¥50 per share, as forecast in May. Assuming the year-end dividend remains at the forecast ¥50 per share, the total annual dividend payout is expected to be approximately ¥6.2 billion. We recognize that the dividend alone will not achieve a 100% total return ratio, as net profit is projected at ¥9.1 billion for the current period.
Therefore, we will pursue the 100% target while also considering share buybacks as an option.